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MEXICO

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SUMMARY

Mexico is strategically important to the US because of geographic, political, economic, and military factors. It is an important source to the US of various strategic materials, and potentially an active war participant on the side of the US. Mexican territory includes sites that might be valuable for bases. In addition, US-Mexican relations have an important bearing on US relations with other Latin American republics.

Mexico is a federal republic with constitutional provisions for organization and functions generally paralleling those of the US. There are, however, several important distinctions: (1) the Mexican Constitution details governmental functions which in the US are handled by legislation; (2) the Mexican Constitution attributes to the national government a more extensive list of functions than does the US Constitution; and (3) actual functioning of the government results in a much higher degree of centralization in Mexico than in the US. Several factors in the Mexican political system, namely, "personal" government, *caudillismo*, *caciquismo*, and the one-party system, have limited democratic functioning of government by US standards. The *Partido Revolucionario Institucional* (PRI), the government party, is firmly in control. Subversive elements are: Communism, which does not constitute a serious threat to the administration, and *Sinarquismo*, which among rightist groups is probably the only one which in any respect represents a danger to the regime.

Mexican organized labor, which is guaranteed many economic advantages by a liberal labor code, is potent politically as well as economically, partly because of the political ambitions of professional labor leaders. Al-

though the administration is in control of the labor situation, left-wing labor groups pose a potential threat to both the Mexican Government and US security interests.

The Mexican economy is based primarily on agriculture and extractive industry. Agricultural production, mostly on communal tracts or small individual holdings, is primarily for domestic consumption, although there are some exports of commodities such as henequen, sugar, cotton, and fresh fruits and vegetables. Wheat is the major staple item of import. Mexico is rich in natural resources, particularly those of strategic value to the US: petroleum, copper, lead, zinc, silver, antimony, bismuth, mercury, and others. These constitute the principal exports, while imports are chiefly manufactured goods, which, because of the shortage of foreign exchange, are legally limited to heavy machinery and equipment for the construction of government and industrial projects.

Although the Mexican economy is based primarily on private capital and initiative, in recent years there has been a trend toward nationalization of subsoil minerals, water power, transportation, and other key sectors of the economy, and an increased degree of government participation in economic activities. Nationalization is in keeping with the philosophy of the Revolution of 1910, and greater government regulation is a development of more recent years to meet needs of the economy not met by private capital in the country.

Mexico is committed to a policy of political and ideological alignment with the Western Powers. It has supported and furthered the development of the inter-American system, with strict adherence to a policy of arbitra-

Note: The intelligence organizations of the Departments of State, the Army, and the Air Force have concurred in this report. The Office of Naval Intelligence concurs with the exceptions noted on pp. 50 and 63. The report contains information available to CIA as of 1 October 1950 except for Chapter V, "Military Situation," which contains information as of 1 November 1950.

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tion and conciliation for the peaceful solution of disputes. Mexico supports US views in major international issues, and relations with this country have been increasingly friendly and mutually cooperative.

Mexico's military establishment, the third largest in Latin America, is adequate to perform its primary function of maintaining internal order and probably also to assume its obligations under the Inter-American Treaty for Reciprocal Assistance. Mexico could not wage alone a successful defensive war against any strong nation or group of nations, and its

economy would not support a greatly expanded armed force. Mexico manufactures a sufficiency of small arms and ammunition, but must import all heavier equipment, including artillery, vehicles, ships, aircraft and parts. The trend in Mexico is to pattern organization and training on that of the US, and to mechanize the armed forces as rapidly as the financial situation will permit. Army ground and air forces are concentrated in the Mexico City area, primarily to defend the seat of the government against possible internal disturbances.

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CHAPTER I

POLITICAL SITUATION

1. Genesis of the Present Political System.

During the colonial period (1521-1821) grievances against the essentially feudal agricultural society of New Spain resulted in demands for change in turn causing upheavals which were successfully resisted. During the eighteenth century increasing tension was manifested in more frequent plots against the viceregal government. Mexico achieved its independence from Spain in 1821 and after that the demand for reform became a force which could no longer be entirely suppressed. Thus there came into being the alternating process of change and resistance to change which has characterized Mexico's history from independence to the present day. This process found its most violent expression in the nineteenth century when two great civil wars were fought: the Wars of Independence beginning in 1810 and the Wars of Reform beginning in the middle of the century.

Broadly speaking, it can be said that throughout the history of Mexico as an independent nation the groups that have advocated and fought for a centralized oligarchic government (sometimes even a monarchy); for a wealthy powerful Church; for maintenance of large landed estates; and for the preservation of special legal rights for the upper class, have done so in order to maintain the *status quo*. On the other hand, the groups favoring change in the direction of a modern democratic state and from whom the present revolutionary regime claims ideological descendancy have fought for a federal republic with at least a semblance of universal manhood suffrage; for the restriction of the wealth and political power of the Church; for the division of the large landed estates; and for the equality of all classes before the law.

With the beginning of industrialization in the twentieth century, the problems of urban labor have emerged as an issue second only

to control of the land. In their resistance to any alteration of the *status quo*, the landed aristocracy was now reinforced by the support of the new industrialists. In opposition to this coalition the groups favoring change have added to their program protection of labor unions and of the workers, through such government measures as the eight-hour day, workmen's compensation, and assurance of some degree of social security.

The third and latest example of a period when resistance to change led to prolonged civil war was the Revolution of 1910 which equaled and even surpassed previous struggles in bitterness and bloodshed. The landless and the workers were attracted to the revolutionary banners and could be pacified only by promises of land distribution and labor guarantees. Their demands were written into the Constitution of 1917 in a series of clauses which aimed to transform Mexico from a backward country into a modern progressive nation. Thus, Article 27 of the Constitution provided for the distribution of Mexico's vast landed estates among the landless peasantry; Article 123 enacted a rather detailed series of guarantees for labor; Articles 24 and 130 reaffirmed the separation of Church and State; and Article 3 aimed to establish a free, universal and secular system of elementary education. Other articles outlined the basic structure of a federal republic modeled, more or less, after that of the United States.

The first stage of the Revolution of 1910 lasted until 1920 and was characterized by violence and chaos. Implementation of the reform program as outlined in the Constitution of 1917 was begun in the 1920's and continues to the present day. The almost exclusively agrarian character of the initial period of the Revolution; the errors and abuses of its leaders; the tenacious resistance of anti-reform groups; and Mexico's historical position as a

weak country subject to outside pressures, all these influences have slowed up and at times arrested the application of progressive Constitutional provisions.

In the early 1920's distribution of land and partition of the large landed estates was begun and proceeded fairly rapidly until 1928. The labor clauses of the Constitution, also, were interpreted in favor of the working class and tended to be enforced. However, with the acquisition of power and wealth by the revolutionary party, and with the development of this group into an official party of the government continuously in power, it developed conservative tendencies and suspended the application of a program which threatened their newly acquired wealth. Land distribution came to a stop in the late 1920's and labor courts began to decide with increasing frequency in favor of the employers. The surviving aristocracy of the Díaz regime (1880-1910) gladly accepted the protection of the rich *revolucionarios* while despising them as upstarts and scoundrels. Thus developed the makings of a conservative bloc with enough cohesion to arrest further application of the reforms guaranteed by the Constitution.

The election of Lázaro Cárdenas in 1934 marked a turning point in this development. Resurgence of the group which favored change and opposed the old regime brought about a reimplementing of the Constitution of 1917. Labor regained its ascendancy. Land distribution was resumed on a greater scale than before. In 1938 the petroleum industry was nationalized. As the Cárdenas administration developed its program, the large-scale landowners, industrialists, and investors resisted its application with increased vigor. The Cárdenas program not only threatened to complete the elimination of the wealth which survived from the Díaz regime but also to undermine the new fortunes that some *revolucionarios* had acquired since 1910.

The exigencies of World War II as well as an underlying feeling that Cárdenas had pushed reforms too rapidly set the tone for the administration of Avila Camacho which began in December 1940. In following a middle-of-the-road policy he maintained an uneasy truce between the supporters of the Cárdenas program and the agricultural and

business interests who opposed further implementation of reforms and desired to annul the measures already applied.

Postwar problems have plagued the administration of Miguel Alemán since his inauguration in 1946. The truce which had prevailed during the war years came to an end as was indicated in the resumption of labor-management struggles and the renewed agitation over the agrarian problem. Adherence to the constitutional precepts of 1917 continues to guide the actions of the present administration though its policies with regard to land reforms and labor guarantees are not nearly so liberal as those of Cárdenas nor as equivocal or evasive as those of Avila Camacho. Demands for political reform aiming at the elimination of the official party monopoly of the country's political processes have become more insistent both from the extreme Right and the extreme Left. The balance between these forces has been kept by Alemán by following a policy which is essentially a mean between two extremes and by keeping control of the official party. The electoral law (the keystone in Mexico's political structure) was "reformed" upon the insistent demand of the leading opposition parties without in the least endangering the privileged status of the government party. Wholehearted support by the administration of the industrialization program, a firm policy toward labor, and protection of productive estates have kept the Right from appealing to violence for redress of their grievances. Similarly, the Left has had to accept grudgingly a situation in which they cannot deny the government's recognition of labor's revolutionary gains, its approval of the Revolution's land distribution program, and its apparent adherence to democratic principles. And, most important of all, neither the Right nor the Left has been able to alienate the Army from the Administration.

2. Present Governmental Structure.

a. Form and Operation of Government.

(1) *Theoretical Structure of Government.* The Constitution of 1917 now in effect prescribes that the government of Mexico be a representative, democratic, federal republic. It is composed of 28 states, three territories and a federal district. States are free to

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adopt their own constitutional organizations subject to the express limitation of the Federal Constitution that state governments be republican, representative, and popular in form.

National Government. The exercise of the supreme executive power is vested by the Constitution in the "President of the United Mexican States," who must be a son of Mexican-born parents and a Mexican citizen by birth, in full enjoyment of his political rights. He must be at least 35 years of age and have resided within the country a full year before the election. If a military man he must renounce active military service six months before election day. Cabinet officers or governors of states or territories must resign six months prior to the election in order to be eligible for the presidency. The term of office is for six years and re-election is forbidden. In case of vacancy in the office, there being no vice-president, the Congress selects his successor.

It is the duty of the President to promulgate and execute the laws passed by the Congress. The Executive may introduce bills before Congress and has item veto as well as full veto power over all bills passed by Congress. With the approval of the permanent committee, the President may call Congress in extraordinary session.

The President has the usual appointive powers: he appoints and removes freely the Secretaries of the Cabinet, the governor of the federal district and the governors of the territories, the attorney general of the federal district and territories. Other appointees, however, must be approved either by the Senate or the Chamber of Deputies. The President, as in the US, is the Commander-in-Chief of the armed forces, and conducts the country's foreign relations.

Of particular interest is the power of the Executive to declare null any contract or concession made by governments previous to 1876 which has resulted in a monopoly of lands, waters, and the natural wealth of the nation by a single person or company and is seriously prejudicial to the public interests.

Extraordinary powers allowing the President to suspend personal guarantees are

granted by Congress in times of invasion, serious disturbance of the public peace or any other emergency. Such suspensions are to be enforced only for a limited time.

The Executive is assisted in administering the government by secretariats and departments, the number and scope of which are prescribed by the Congress which requires a report from each department to be given at the opening of the regular annual session.

The legislative power of the Mexican Government is vested in the national Congress composed of the Chamber of Deputies and the Senate. The members of both chambers are chosen by direct popular vote and cannot be reelected for succeeding terms. Regular sessions begin each year on 1 September and last four months. Extraordinary sessions of the Congress, or of only one chamber, may be called by the permanent committee on its own initiative or at the suggestion of the President. Only the specific problems which occasioned the call may be considered at extraordinary sessions.

The Chamber of Deputies, composed of 147 representatives, is elected in its entirety every three years on the basis of proportional representation. There is one deputy for each 150,000 inhabitants or for a fraction over 75,000 in each state. The minimum number of representatives, however, is two for each state and one for each territory, regardless of its population. The Chamber of Deputies originates bills concerning loans, duties, taxes, or the recruitment of troops, has exclusive powers to make the final and official canvas of votes cast for President and to announce the name of the candidate elected by the majority, and approves the annual budget.

The Senate, consisting of 58 members, two from each State and two from the federal district, is elected in its entirety every six years. Special powers vested in the Senate are to ratify presidential appointments; approve treaties and conventions made by the President with foreign powers; and appoint provisional governors of the states.

A Permanent Committee, composed of 14 Senators and 15 Deputies, appointed by their respective Chambers on the eve of adjournment, is empowered to perform some of the functions of Congress during the annual re-

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The *ayuntamiento* has limited legislative functions and is responsible for local law enforcement and administration of funds, the latter derived from taxes fixed by the state legislature. An *ayudante municipal* or *comisario* serves as deputy of the municipal council in other villages of the municipality. Municipal judicial authority is vested in "conciliatory judges," either directly elected or appointed by the municipal council as auxiliaries to state judicial authorities.

The Electoral System. The electoral system, which governs the selection of governmental officials at all levels, is the key to the one-party system of government in Mexico. There is no difference in theory and practice in the electoral system, since it was established by the government party in order to perpetuate itself in office, which it does through control of: (1) the registration of opposition parties; (2) federal, state, and local Committees of Electoral Supervision; (3) registration of voters and filing for offices; (4) polling places; (5) the counting of votes, certification of elected representatives, and investigation of charges of fraud or irregularities; and (6) the public funds and resources.

The law requires that any political organization which desires to function as a party must have at least 30,000 members, with party organization and not less than 1,000 members in each of two-thirds of the 28 states; support a regular publication and maintain offices; and be properly organized and registered with the Ministry of *Gobernación* at least one year before the election in which it wishes to participate. Since the *Partido Revolucionario Institucional* (PRI), official party, controls the Ministry of *Gobernación*, with its authority to register or refuse registration to parties, and its authority to cancel registration at any time, opposition parties exist only with the express permission of the controlling party.

The Federal Committee of Electoral Supervision is composed of six members, five of whom are PRI representatives. Territorial, District, and Local Committees are also completely dominated by this party. These committees prepare lists of registered voters, divide districts into precincts, prepare and supervise elections, appoint members of the

polling committees and tabulating committees, announce election results, and make legal investigations of the electoral process and resolve complaints. Through control of Supervisory Committees, PRI is assured that the entire electoral machinery is in the hands of loyal party members.

There are stringent legal provisions for registration of voters. A provision of the law authorizing the president of the poll to make up supplementary lists, however, making possible multiple registration, nullifies any effectiveness of the formal registration. Other electoral malpractices working to the advantage of PRI include the conduct of balloting in such a manner that it is not always secret (e.g., advising illiterates in voting, not furnishing private booths, etc.); padding of voting lists by members of the official party through such devices as registration of dead persons; and inaccurate tabulation of votes. Any protests of fraud or irregularities are first reviewed by the Electoral Supervisory Committee and in case of appeal by the appropriate Electoral College, all of which are controlled by the PRI, so that decisions favoring the opposition are only rare tokens of democratic impartiality.

The PRI's main source of strength is in its control of the agencies and resources of the administration: public funds, law enforcement officers, the army, public employees, all are used by the official party to maintain itself in power. Thus opposition parties have to battle not a party as such but essentially a one-party government, an impossible battle to win under current conditions by any measures short of revolution. The current conditions most responsible for the system are the general lack of civic consciousness and the acceptance of centralization and concentration of authority.

(2) *Government in Practice.*

National Government. Whereas in theory the national government in Mexico is characterized by separation of powers—executive, legislative, and judicial—in actual practice the separation is more apparent than real. There is, in effect, personal government by the President of the Republic. The chief source of the President's power has traditionally been

the army. More recently, organized labor has been added as a source of power without, however, displacing the army as an important factor. The machinery through which much of this power is exercised is the official government party, through selection of the senators, deputies and state governors, and through the President's appointive powers over the judiciary, cabinet and many other officials.

The roots of one-man rule are buried deep in Mexico's political history. Rule by a general has been inseparable from *caudillismo*, as most of the early dictators were "men-on-horseback" who rose to power by barracks revolution (*cuartelazo*). They carried with them to the presidency a nucleus of armed support, and they employed terror and violence to maintain themselves in power, holding office until death or defeat overcame them. They usually followed constitutional forms so long as it served their interests to do so. Though the manifestations of *caudillismo* tended to take a less violent form after the Revolution of 1910, it has persisted.

The President selects as members of his Cabinet persons completely subject to his domination. This is particularly true as regards the important post of Minister of *Gobernación*, who exerts federal authority over the states, territories and Federal District. Since it is chiefly through this Ministry that the President maintains his tight control over the country, the Minister is generally the second most powerful individual in Mexico.

The legislative branch is under the complete domination of the executive. Official party candidates for the Senate and Chamber of Deputies are usually hand-picked or at least approved by the President or his designated representatives, so that he will be assured of the absolute loyalty of the members of Congress. Major projects of law are initiated by the Executive Branch, each Ministry having the authority to present to Congress proposed legislation regarding its own operations. In the past several sessions, every law enacted had been drafted in the Executive Branch and passed with very little debate, and, it is understood, in many cases without the legislators even having the opportunity to read the measures and without the bills having been referred to Committees for action. Most

of the sessions, from 1 September to 31 December each year, are spent in debate on insignificant questions with the major work being transacted hurriedly in the last two weeks merely to "rubber-stamp" the program of the administration. The President does not use his veto power, since measures that might incur presidential disfavor are not enacted by Congress. Furthermore, the wide discretion given to the administrative departments to issue detailed decrees having the force of law has restricted the legislative power of Congress vis-à-vis the executive branch.

Members of the Judiciary are very responsive to the influence of the Chief Executive. Theoretically the change in tenure of Ministers of the Supreme Court in 1944 from 6 years to life terms granted them independence of action, but in practice such is not the case. They are still appointed by the leader of the official party for basically political reasons, so that a change of President does not affect the party relationship of the executive and judicial branches. Clear examples of the subservience of the judicial to the executive have been refusals of the Supreme Court to use its Constitutional authority to investigate politically important cases of abuse of executive powers. In fact, there are no known cases where the court has over-ruled an executive decree. Supreme Court appointments of justices and magistrates of lower courts are even dictated by the executive.

Local Government. State governors are of two types—those who are selected and imposed as puppets of the national government, and those who are selected through negotiation with the national government on basis of strong local political support.

In many cases where the governor is a puppet of the national administration, the Military Zone Commander in the state acts as the tool of the governor in maintaining order and subservience of the citizenry. In other cases, the governor is kept in line through the power of the Army quartered in the state. State governors who do not faithfully follow the national party line—unless they are backed by strong political machines—are ousted as a result of national interference in state politics through the Ministry of *Gobernación*, and replaced by supporters of the administration.

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Caciquismo, the system of state domination by the boss of a strong local political machine, is a tradition in Mexican politics, and has often been the cause of friction between the national government and the states. As an example, Cedillo, the *cacique* of San Luis Potosí, was forced into open revolt and killed by the forces of President Cárdenas and General Almazán in the 1930's. *Caciques* with sufficient military and political support, on the other hand, have thwarted the administration and risen to national prominence themselves.

Caciquismo, like *caudillismo*, is now in disrepute with the administration and its followers, and there has been a trend in recent years to lessen the outward manifestations of the system. Popular discontent with *caciquismo* has been demonstrated in uprisings in several states in recent years to throw off the yoke of the *cacique*. The system still prevails in a number of states, however, largely because the national government finds pro-PRI *caciques* useful for its own ends.

All other powers within the state are subject to arbitrary action by the governor. State legislatures are weak institutions with little actual power. There is little recourse to justice through the courts or other legal processes. Even the municipalities are dominated by state administration. Local business is often subject to the whims of the governor, and in some instances (notably, *Henequeneros de Yucatán*) the state government is synonymous with industry in the state.

The operations and functions of the territories and the Federal District are controlled through both legal and extra-legal means by the Chief Executive of the Republic.

Municipalities under the Constitution have home rule, but actually municipal officials are often "imposed" by Federal and State governments. Popular discontent over State and Federal domination of local government has been manifested in demonstrations and riots, some of which have been quelled by military force. The rightist opposition parties, *Partido Acción Nacional* (PAN) and *Partido Fuerza Popular* (PFP), realizing that municipal elections are a source of discontent, have concentrated their electoral activity in the municipalities with limited success. The official

party PRI, recognizing the necessity of eliminating obvious weaknesses in order to keep its control, countered in 1947 by announcing that in the future municipal officials must be residents of the community and must, moreover, have a legitimate and honorable means of livelihood within that community. The PRI requirements have not been met by all its own candidates, although there has been some improvement.

The municipal president as a general rule dominates the other powers in the local government, and he is in turn dominated by state and national officials. Municipal governments theoretically collect taxes for their own support, but actually taxes are paid to the federal government and rebated to the municipality in the amount deemed necessary for local expenses. At the level of the municipality more than any other, pressure is exerted on the government by the Church, resulting in a Church-State coalition in some localities and Church-State warfare in others. Other significant influences on local politics are wealthy landowners or business men in some instances, and *ejidatarios* (communal landholders) in others.

Typical Characteristics. The *mordida* (literally translated the "bite") is a particular Mexican institution of graft on the part of government functionaries. The techniques used vary according to circumstances, as do the amounts that must be paid. The various types of *mordidas* may be classified as bribes, hush-money, graft, extortion, blackmail, suborn, protection money, kick-backs, et cetera. The *mordida* is applied universally, from the lowest clerks to Cabinet officers. It is sometimes administered directly, and at other times through a *coyote*, or go-between. *Coyotes* are generally lawyers with good "connections." They are usually specialists, and it is difficult for the uninitiated person to do business without one. They are most active in securing necessary papers for foreigners and in cases involving hearings outside of the regular courts of law. *Coyotes* for a fee keep labor cases from coming to trial.

The *mordida*, because it gives the moneyed class an advantage over the poor, is a serious obstacle to the democratic functioning of government in Mexico, and has probably been the

outgrowth of many influences. One factor, which is particularly important among government workers, is the low salary they receive (in 1944 about \$US30 per month for lower-paid employees with a maximum of \$US 170 per month for directors of federal agencies). For many, the *mordida* is essential as a source of income in order to make ends meet. Another important factor is the willingness of the general population to pay a *mordida* rather than take the time, expense, and trouble of complying with the law or insisting that their rights under the law be respected.

The payment of a *mordida* is generally essential to secure approval of business transactions, such as registering contracts, validating leases; as an extra fee to secure government services which are supposed to be free or for a standard fee, such as tourist permits, visas, automobile licenses, birth certificates, and burial permits. It is standard practice for businesses and individuals to pay taxes (income, property, production and other taxes) at a cut rate with a *mordida* to the assessor and collector. *Mordidas* are paid to police and customs officials to overlook actual law violations, from speeding or overparking to smuggling, and there is evidence that even more serious crimes may be overlooked for a fee. Any government official handling government purchases or contracts takes his "cut" whether on army purchases, highway and public works contracts, or even competitive bid contracts. Bribes and gratuities must be paid to officials of the National Railways in order to secure empty freight cars for loading goods or to get loaded freight cars moved. Even the movement of goods by motor truck is hampered by the necessity of paying *mordida* to secure permits for each truck load. *Mordida* is extracted in the form of extortion by threats of unfavorable reports by any government inspectors, whether issuing sanitary certificates to restaurants and food-processing plants or safety certificates to mines and factories. Government employees are even required to "kick back" part of their pay to Cabinet officers or hiring officials, and prospective employees are required to pay considerable sums as admission fees, often under the guise of purchasing raffle tickets for the benefit of sick employees.

Most Mexicans feel that there is no question of morality involved in the institution of the *mordida*. It is an accepted practice which means no more in Mexico than a tip to a restaurant waiter would in the US. While there are no actual figures to show how much this practice costs the government each year, even the most conservative estimates have never set a figure below 25 percent and it is reported that the government may lose as much as 40 percent of its potential revenue annually because of corrupt practices.

Pistolerismo ("gun-toting"), flagrant among Mexican officialdom, has led to a regime of lawlessness subject to criticism particularly by the Mexican press. Members of Congress usually are armed, and in the heat of debate within the Chambers of the Senate and Deputies there is occasional gunplay, resulting in injury or death to various of the participants. Political assassinations are frequent on the part of gun-bearing officials.

The Mexican press and occasional outspoken officials of the government initiate campaigns against the anarchy of the officialdom and in favor of *despistolización*. They call for a law strictly regulating the bearing of arms through the issuance of permits in cases of proven need, so that private citizens will not be the victims of force by political machines. So far these campaigns have been thorns in the side of the administration, but have accomplished nothing.

A pronounced characteristic of the Mexican political scene is *futurismo*—political jockeying for position long in advance of an election. This is most important as regards the office of President. Those who aspire to public office launch their campaigns, and "favorite sons" are given active support by their followers. By the last two or three years in a Presidential term, the field has usually been narrowed to a handful of leading contestants, and by the last year at the latest the man on the street is relatively sure of the official party's choice for the next leader of the country.

b. Individual Guarantees.

The Mexican Constitution grants to Mexican citizens most of the individual guarantees which the US Constitution provides for US citizens, namely freedom of speech; freedom

of press; to bear a from arbit due procedure rig

These individual liberties in Mexico, because of the legal system by jury in jury is held residence, or other, however, localities of the local not accept purpose of public peace.

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3. Political

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of press; rights of petition and assembly; right to bear arms; freedom of religion; freedom from arbitrary arrest and punishment without due process of law, and other generally accepted rights of free men.

These Constitutional guarantees of individual liberties are subject to certain restrictions in Mexico that are not applicable in the US, because of the common law heritage in the US and the Roman law basis for the Mexican legal system. There is no guarantee of trial by jury in criminal cases, and in fact trial by jury is very rare; religious ceremonies may be held only in places of worship or private residence, thus barring religious processions or other outdoor services. This restriction, however, has often been ignored in certain localities in recent years with the acquiescence of the local governments. Censorship, though not accepted in principle, is permitted "for the purpose of protecting life, morality, and public peace." While there is relative freedom of the press, criticism of the President is generally considered taboo. The right against loss of life except through due process of law is violated by application of the *ley fuga*, when notorious criminals or political prisoners are shot "attempting to escape." Rights against undue search and seizure are violated by police authorities; and the prohibition against labor except with consent of the individual is violated particularly by the states, as Indians are conscripted for public works projects.

Most civil rights are extended to aliens as well as to citizens, and in fact treatment of aliens is generally equal to that of nationals if not better. Though Article 33 gives the President the arbitrary power to expel a foreigner from the country as undesirable, it is rarely applied.

3. Political Parties and Current Issues.

Once every six years when the Presidential and Senatorial terms expire simultaneously with the term of the Deputies, the election causes a complete turnover in the Mexican administration. During such years, the official government party, the major opposition parties, and numerous small parties, organized only for the election, engage in feverish political activity. During the presidential election of 1946, there were 10 legally regis-

tered political parties in Mexico. The PRI completely dominated the elections with the exception of 8 seats in the Chamber of Deputies won by 4 separate opposition parties.

Of the ten parties registered in 1946, only two, PRI and *Partido (de) Acción Nacional* (PAN), were registered for the 1949 elections, along with a new party organized since 1946, *Partido Popular* (PP). Other opposition parties, with the exception of *Partido Comunista Mexicano* (PCM) and *Partido (de la) Fuerza Popular* (PFP), have completely disappeared for lack of leadership or vital programs, and have generally been absorbed by the PRI. PCM failed to meet the legal requirements for registration for the 1949 elections, and PFP had its registration cancelled on grounds that it was linked to a foreign political power (the Catholic Church). (Since both PCM and PFP are politically active even though not registered, they are discussed in connection with other influential groups.)

A broader use of the term "party" in the Mexican political scene is indicated by the existence of other groups which go by that classification but do not participate in electoral political campaigns. The *Partido Liberal Mexicano*, a party only in name, becomes regularly active once a year commemorating the birth of Juárez. Its party line is anti-clericalism and its activities are directed toward keeping a close watch on violations of the religious provisions of the Constitution by clerical elements. Its loose organization and lack of systematic procedure is compensated by its ability to enlist leading anti-clericals of diverse political opinions in its ranks.

a. *Partido Revolucionario Institucional*.

Mexico is essentially a one-party country, the *Partido Revolucionario Institucional* (PRI) being in complete control of the government. Opposition groups wield little influence. While the single party has existed in fact since the Revolution of 1910, it was not until after the murder of President-elect Obregón in 1928 that the government party was formally created. From 1928 until 1938, the official party was known as *Partido Nacional Revolucionario* (PNR), and was merely an amalgamation of regional political machines. President Cárdenas in 1938 transformed it into the

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Partido de la Revolución Mexicana (PRM), a fusion into one political entity of four autonomous sections: labor, peasant, popular (composed of miscellaneous groups not included in the other sections), and army. This was a particularly auspicious time for the launching of a popular front organization, since expropriation of the oil industry in March 1938 had rallied the people in support of Cárdenas.

Partido Revolucionario Institucional (PRI) was created shortly before the Presidential election in 1946, representing little more than a renaming of PRM. The PRI is a complicated organization, divided many ways, both geographically and functionally. There are sections within the PRI representing special interests, such as labor and the peasants, each having cells at the local and state levels. (For more detail regarding political activity of labor, see the section on Labor.) Both at municipal and state levels there are often rival factions, the struggles between which may resolve particular regional problems. Major control of the party, however, is centralized in the national organization, and the result is in effect one-party government in spite of the existence of other parties. Debate on basic political principles takes place in the privacy of the party chambers, and the public is given no opportunity to express its will. Party funds are derived from the "voluntary" contributions of government employees as well as from the budgets of government agencies, semi-autonomous organizations, and labor unions. PRI candidates for congress and state governorships are hand-picked by the President and top party officials to assure the election of persons completely loyal to the administration.

PRI in March 1949 issued a platform reflecting no changes in recent party policy. It declares that PRI stands unequivocally for a democratic form of government, that the ideals of the Mexican revolution now form integral institutions of Mexican life which PRI will defend, and that PRI's campaign is aimed at educating the people in civic responsibility. Individual points of the platform made their appeal to the various groups whose interests the party ostensibly protects, namely, the peasants, labor, the Indians, youth, women in

municipal politics, and the common people in general.

b. Partido (de) Acción Nacional.

Partido (de) Acción Nacional (PAN), the strongest and most consistent opposition group in Mexico, is composed primarily of the middle-class, pro-Catholic element. It is conservative, opposing the socialist trend of the revolutionary movement. Were there to be honestly conducted elections, PAN would not displace PRI nationally, but would secure political control in several states and districts where its internal organization is strongest. PAN officials have stated that they do not aspire at the present time to attain control of the government, but only to build up by constructive criticism a recognition by Mexicans of their patriotic intentions and to endeavor to exert some influence over government policy and actuation. It has devoted much attention to a propaganda program aimed at securing control of the municipalities, so that by starting at the lowest political level it can ultimately build up state and national strength. PAN in 1946 and again in 1949 elected four members to the Chamber of Deputies.

PAN deputies in Congress have presented a series of measures representing the program of the party, such as: (1) protection for small landholders; (2) complete home rule in municipalities; (3) electoral reforms; (4) creation of a National Agrarian Commission to plan the coordination of the agrarian program; (5) financial and economic reforms; (6) increase of irrigation projects and expansion of farm credit; (7) reorganization of the National Railways; and (8) guarantees against illegal suspension or dismissal of workers. PAN opposes the laws restricting religious activity in Mexico and has proposed changes especially aimed at restoring religious education. Some influence, however, is evident in national legislation by the appearance of PAN programs in bills sponsored in subsequent sessions by the administration.

c. Partido Popular.

Partido Popular, the most recently organized political party in Mexico, was officially registered 2 September 1948. Vicente Lom-

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bardo Toledano took the initial steps to form such a party at a series of Round Table meetings held in Mexico City in January 1947. It is significant that, although there had been previous attempts of Marxist or socialist elements to gain political unity outside the Communist Party, it was immediately after one of his trips to the USSR that Lombardo made a definite move to organize a party. In spite of his own Marxist sympathies, however, Lombardo made an attempt to appeal to non-Communist elements and was successful in securing the adherence of several elements representing opposing political views, including liberals who opposed the monopoly of the government party, dissident Communists, and even some rightists who were not willing to join forces with the pro-Catholic PAN.

The fact that various political elements were represented in the National Executive Committee does not mean, however, that they had equal strength within the party. In fact, the preponderance of Communist influence was evident, a majority of the National Executive Committee being known Communists or sympathizers. Non-Communist elements within PP appeared to serve merely to cloak its Communist orientation with democratic respectability.

Because of Lombardo's influence in the Mexican and Latin American labor movements, PP contains many labor elements among its membership, although no labor organizations as such have officially aligned themselves with the party. PP affiliations with other groups and organizations are maintained largely through personal contact, the only official front group being *Movimiento de la Juventud Popular*, a youth movement now being organized in the various schools and districts of the Federal District. PP propaganda and news reports are regularly published in Lombardo's newspaper, *El Popular*. Through Lombardo and various professors and educators, PP maintains close contact with *Universidad Obrera*, the National and state universities, and prominent officials in the Teachers' Union. The party has exerted influence over writers and intellectuals through such prominent figures as Diego Rivera and David Alfaro Siqueiros, Communist artists, and Narciso Bassols, former Ambassador to the USSR; and over the

Mexican Government through its two Senators; and one Deputy, officials in the various Ministries and in state and local governments, and judges in the National and Federal District Courts. Many PP members are prominent in other Communist-front groups, such as *Unión Democrática Polaco-Mexicana*; the Mexican-Russian Cultural Institute; FOARE (pro-Communist group for aid to Spanish exiles); *Frente Socialista de Abogados* (group of radical attorneys); *Acción Socialista Unificada*, a group which left the Communist Party because of differences over the party line; and various others. Perhaps of even greater significance than the interlocking membership of *Partido Popular* and Communist-front organizations is the relationship, primarily through Lombardo himself, with the Communistic *Confederación de Trabajadores de (la) América Latina* and the Communist bloc in the World Federation of Trade Unions.

PP participated actively in elections of 3 July 1949 for Federal Deputies and State Governors winning only one seat. It had a registered strength of 31,500 members, as reported by the Ministry of *Gobernación*, and it claims 182,450 members, the actual figures being somewhat between these two. The influence of PP as an opposition party has declined, especially since the schism which makes its future uncertain.

PP announced its general support of the administration on internal matters and on efforts of the government toward increased economic nationalism. It opposes the Federal Electoral Law, however, and supports a system of proportional representation. In international affairs, PP follows the Communist line; e.g., it has opposed the Bogotá Pact as an agreement that would make Mexico subservient to the militaristic ambitions of the US, has attacked US proposals for economic cooperation, and has opposed the US and UN action in Korea while encouraging the signing of the Stockholm Peace Petition.

4. Other Influential Groups.

In Mexico most of the usual pressure and special interest groups are subdivisions of the official party. These subdivisions include labor, agrarian interests, indigenous population, and military forces. There are, however,

two important movements in Mexico, the policies of which if allowed to prevail would be inimical to US security interests: Communism and *Sinarquismo*. Both of these movements have as recently as the 1948 presidential election participated in political activity as registered parties. Neither is currently registered, however, so that any political influence they may have is indirect.

a. Communism.

Because there are more influential Mexican Communists outside the party than within it, the influence of Communism in Mexico is much greater than that of the *Partido Comunista Mexicano* (PCM). PCM was founded in September 1919 by a group of dissenters within the *Confederación Regional de Obreros Mexicanos* (CROM), the dominant labor organization at the time, and elements of the Mexican Socialist Party. Outlawed in 1929 by the Portes Gil administration, the party regained recognition prior to the elections of 1934. It maintained its status as a registered party until May 1948 when it failed to meet the membership requirements set by the government. Not being a registered party, its only participation in the July 1949 elections was either in support of *Partido Popular* or by "write-in" votes for its own candidates.

PCM proper is a small and politically weak organization. It had an estimated membership of 15,000 in 1945 (3,000 of whom were reported to be foreigners, mostly Spanish), but has declined to no more than 10,000 at the present time, the majority of whom are in the worker class. There is a concentration of about half the entire membership in Mexico City. PCM influence is exerted mainly through its cells in factories, unions, and schools.

In Mexico it is of particular importance to distinguish between the PCM and Communism, as also between Communism and the Mexican revolutionary movement. The most effective Communist leaders, for example, are either in splinter or front groups such as the *Partido Popular*. Furthermore, the Mexican revolution, starting in 1910, had as its principles many basic social reforms which are coincident with many of the principles of Communism or state socialism. For this reason,

Russian Communism, which developed later than the Mexican revolution, found in Mexico a climate favorable to some of its principles. It must be understood, however, that the *revolucionarios* in Mexico were not and are not now Communists.

The PCM in its official publication, *La Voz de México*, as well as in its resolutions and statements of policy, follows the Moscow line of attacking Yankee "imperialism" and espousing general Marxist principles. It also follows the Communist line common to most Latin American countries, that of aligning its policy with the progressive bourgeoisie and/or economic nationalists to urge industrialization and economic development of the country. Many dissident Communists have left the Mexican Communist Party because of their disagreement over the strategy of combining with nationalist forces to lessen US economic influence, as opposed to more strictly Marxist principles.

There is a large number of pro-Communist and Communist-front groups in Mexico, none of which individually has any great influence. For example, *Acción Socialista Unificada* and *Alianza Obrera Popular*, dissident Communist group merged with the *Comité Revolucionario*, are "splinter" parties. Other groups, such as Lombardo Toledano's *Universidad Obrera*, *Partido Popular*, *Confederación de Trabajadores de (la) América Latina* (CTAL), and *Seminario Cultural*, are recognized to be Communist-dominated, but through contact with the Cominform rather than PCM. Foreign Communist political groups, such as the Spanish and Basque Communist parties in Mexico, *Federación de Organismos de Ayuda de los Republicanos Españoles* (FOARE), and Communist-front Jewish groups, while they maintain contact with PCM, retain their independent status. There are a number of cultural groups with Communist orientation, notably the *Instituto de Intercambio Cultural Mexicano-Ruso*, *Federación Eslava*, *Asociación Mexico-Czechoslovaca*, *Unión Democrática Polaco-Mexicana*, and others, which cooperate with the diplomatic missions of Russia and the satellite countries. The only known affiliates or front-groups of the PCM itself are the *Confederación de la Juventud Mexicana* (CJM)

and the *Bloque Nacional de Mujeres Revolucionarias*.

Communism as a composite movement is not strong in numbers in Mexico, and its strength is considerably lessened by its disunity. Should any unification of Communist forces be effected, their influence in political, economic, and cultural affairs would be enhanced, but probably not to a point of being able to overthrow the present administration.

b. *Sinarquismo*.

The *Unión Nacional Sinarquista* (UNS) was organized in León, Guanajuato, on 23 May 1937. According to the official *Sinarquista* version, its founders were three Mexican lawyers and an *hacendado* who were disturbed by the moral, political, and economic disorder emanating from the Revolution and decided to form a union to restore the Christian social order. According to other versions, however, there were two representatives of the Spanish Falange and a German-Nazi engineer in the founding group.

The UNS has a highly centralized organization, with a systematic chain of command from the national *jefe* (chief) at the top to the humblest *sub-jefe* in the small rural community. The national chief and national committee set policy for the group on all important matters. In addition to national, regional, district, and municipal committees, the UNS has special groups, such as feminine sections and children and youth groups.

The *Sinarquista* program, in opposition to the reforms of the Revolution, favors individual land ownership, freedom of workers from exploitation by union bosses, cooperation between capital and labor, equitable distribution of wealth (but not abolition of private property), and the restoration of the "Christian social order." The *Sinarquistas* have stressed their plans for preservation and protection of the family, the rights of the family as opposed to the state in education of children, and their loyalty to Christianity. On no topic have the theoreticians of *Sinarquismo* written more voluminously and passionately than Communism, which is their avowed arch-enemy. *Sinarquismo* is also anti-Jewish, anti-liberal, and basically anti-democratic. The *Sinarquistas* picture the US as one of two

evils, being, they say, materialistic, capitalistic, and liberal, as opposed to materialistic and Communist Soviet Russia. In sharp contrast is the attitude of UNS toward Franco Spain, which it admires greatly. Where the PAN represents generally the pro-Catholic, middle-class, conservative element, UNS is a semi-mystic, peasant class, ultra-nationalist organization.

UNS from its founding in 1937 until 1946 worked exclusively as an unrecognized group, holding regular mass meetings, parades, and demonstrations. Direct action by *Sinarquismo* in opposition to the Mexican Government has only occasionally reached a point of violence, although the *Sinarquistas* are credited with a number of massacres and damage to property. In order to win over groups opposed to them, the *Sinarquistas* have resorted to infiltration, with some success among union workers and *ejidatarios*. *Sinarquista* propaganda on the whole is well organized and shrewdly planned, using less of facts and logic than of invective, abuse and ridicule to stimulate in its ignorant followers a burning and irrevocable hatred against persons, institutions and conditions singled out for attack.

Sinarquismo first became a registered political group under the name of *Partido (de la) Fuerza Popular* in 1946, and was registered again in 1948 for the 1949 elections. After a public demonstration and speeches derogatory to Mexican heroes and current Mexican officialdom early in 1949, however, its registration as a political party was cancelled on grounds that it was affiliated with a foreign political power (the Catholic Church). While the UNS is believed to have had more than 900,000 supporters in 1944, it is believed to have declined in influence and numbers since, representing at most a half-million followers. Its greatest strength lies not in the direct influence it can wield in Mexican politics, but in the indirect damage which its supporters can inflict on US-Mexican relations (as in the foot-and-mouth-disease campaign) and in its potential threat to overthrow the Mexican Government.

c. *Anti-Communist Organizations*.

There are a number of anti-Communist groups in Mexico, including *Frente Popular*

Anti-Communist, Legión Panamericana, Unión Nacional Anti-Communist, Comité Democrático de Lucha Contra el Comunismo, and others, none of which is particularly influential or active. Most of their activities consist of public statements against Communism or Communist groups. The anti-Communist group of longest standing and greatest activity is Los Dorados, an organization of suspected fascist tendencies, founded by some of the followers of Pancho Villa, active in anti-labor and pro-church demonstrations during the Cárdenas administration, and now reactivated to fight both Communism and "imperialism" in Mexico.

5. Stability of the Present Administration.

Miguel Alemán, representative of *Partido Revolucionario Institucional*, the official government party, was elected to the Presidency of Mexico in 1946, to serve until 1952. Alemán has around him, in the Congress, his Cabinet, and even State and Municipal offices, loyal members of the government party. Even though at several periods during the Alemán administration there have been evidences of general unrest and uneasiness because of the country's difficult financial situation, these have not developed to the point of seriously

threatening stability by armed revolution. Should armed revolt have taken place before, or should it occur prior to 1952 (an event not anticipated), any group strong enough to succeed in its attempt would probably represent the same principles and possibly even the same governing group, since the majority of Mexican people are thoroughly in support of the principles and organization represented by the government party. It is anticipated that Alemán will serve out his term, and since he is not eligible for re-election, be succeeded by someone of his own party and probably of his own choosing.

The stability of the present administration and any actions of this group while in office would not be subject to the influence or pressure of any foreign country except the US. In Mexico as in other Latin American countries, approval of an administration by the US is essential to stability, and by the same token revolutionary groups would have little chance of success without either the tacit or explicit approval of the US. Politicians, however, must exercise caution in advocating close cooperation with the US to avoid the politically dangerous charge of subservience to US interests. A factor contributing to the stability of the present regime in Mexico is its close cooperation and friendship with the US.



CHAPTER II

LABOR

1. Genesis of Organized Labor in Mexico.

Organized labor was not tolerated by the Díaz regime (1876-1910), the first labor unions being organized clandestinely by radical leaders in the early 1900's. It was not until the Madero Revolution of 1910 that the labor movement received its first impetus with anarcho-syndicalist groups participating in the struggle for revolutionary power. Since then organized labor has been closely identified with the revolutionary principles of social and agrarian reforms which characterized the country's development. The Constitution of 1917, for example, has been the basis of subsequent labor legislation reflecting those principles.

The first labor organization on a national scale, the *Confederación Regional de Obreros de México* (formed in 1918 under the leadership of Luis Morones) was backed by the revolutionary armies of Obregón and Calles. Expanding to approximately a million members, CROM became the moving force in trade unionism until Cárdenas assumed the presidency in 1934. By that time CROM had become more conservative. Cárdenas' determination to reassert the leftist trend of the Mexican revolution impelled him to organize a more radical competitive federation under government sponsorship resulting in the formation of the *Confederación de Trabajadores Mexicanos* by Lombardo Toledano. US labor influence was considerable in the early development of Mexican labor. CROM for some years maintained close relations with Samuel Gompers and the AF of L. Later Lombardo received the collaboration of John L. Lewis in forming the CTM.

2. Present National Labor Situation.

a. Current Status and Strength of Mexican Labor Organizations.

The complex pattern of the present labor movement is a result of the series of splits and

realignments which have occurred since 1947. Defections from CTM reflected political rivalries among the leaders; extreme Marxists broke away because of disagreement with Lombardo, and subsequently Partido Popular adherents followed Lombardo out of CTM when it decided to remain with the government party (PRI). By 1948 CTM was reduced to one-third of its peak strength and had become subject to administration control. After defecting from CTM, radical labor, including the most important industrial unions, formed a solidarity pact early in 1948 in order to combat the hostility of a progressively conservative administration. In 1949 various of these unions were constituted into the leftist-oriented labor federation—the *Unión General de Obreros y Campesinos de México* (UGOCM), led by Lombardo Toledano, who continues to be the chief spokesman for radical labor.

At present the basic struggle in Mexican labor is between CTM and UGOCM for political advantage and control of labor in strategic industries. In mid-1949 organized labor in Mexico was estimated to be evenly divided among the pro-government CTM, the Lombardist UGOCM, and the "independent" unions. Recent defections from UGOCM (including the important petroleum workers and miners) have added to the strength of independent groups, whereas CTM has been holding its own.

Today the "independent" unions and the unions composing the CTM and UGOCM vary greatly as to their political alignment and present such a complicated pattern that the real or potential strength of these three major groups cannot be estimated. Some of the CTM affiliates, for example, are Communist-dominated; some of the "independent" unions are government-dominated nationally but locally favor various political and labor affiliations; other "independent" unions follow the Communist Party or one of the various dissi-

dent or front Communist parties; some are even conservative and reactionary. Whatever the official political alignment of the union, there are always strong currents of opposing political doctrines which may be capable of gaining control and reversing union policy.

b. Extent of Unionism.

Although the percentage cannot be estimated, the majority of Mexican industrial workers belong to some labor group. There is, of course, a wide variation in the extent of organization. For example, labor is better organized in the long-established and strategically important industries—petroleum, mining, textiles, railroads, ports, maritime industry, and the electrical industry—than it is in the new ones. The organization of farm labor, which has been progressing slowly since the Revolution, has developed more rapidly in the *ejidal* (collective farming) regions.

c. Labor Legislation and the Unions.

Although Mexican labor legislation is based on liberal principles, the government's prerogatives in such legislation have enabled the Alemán administration to keep labor in line. A modern labor code, based on the Constitution of 1917, provides general safeguards such as an 8-hour day, overtime pay, minimum wage and profit-sharing, regulations for strikes and dismissals, and Boards of Conciliation and Arbitration for labor disputes. However, as union officials must be recognized by the Labor Ministry, the government in cases where factions develop within the union (sometimes at government instigation) can select those officers most likely to follow the administration's wishes. Furthermore, the government can control the legal existence of unions by its authority to recognize labor organizations. Since the election machinery of the Conciliation and Arbitration Boards (composed of government, labor, and management representatives) also is in the hands of the authorities, the government controls membership on the boards as well as their decisions.

d. Economic Power of the Unions.

Organized labor, being concentrated in the major industries, has become a powerful factor in the Mexican economy. Through general strike action it could cripple—at least

temporarily—the nation's industrial life. Although through the years the rights to strike and to bargain collectively have been—and still are—used to improve wages and working conditions, these weapons have been more often employed by labor leaders for political and personal gain than to help labor. For this reason the administration has been hampered in its efforts to bolster production, and the national economy has on occasion been placed in jeopardy. To limit such excesses where national interests are at stake, the government has gradually curbed labor's power. Shortly after Alemán's inauguration in 1946, for example, the full weight of the government supported the national petroleum administration in breaking the illegal oil strike. In view of the various controls which the government exerts, including labor legislation, as well as the unofficial subsidies upon which most unions rely heavily, the administration should be able to prevent labor from tying up the country's economy.

e. Political Power of Unions.

Mexican labor, having been closely allied to several recent administrations, accepts as its due the right to representation in the national government as well as in key party positions. Labor's political power is also closely related to the force of public opinion insofar as it can be consolidated through the press and mass demonstrations. From its vantage point labor has been able to exert considerable political influence, one of the most illustrative cases being Cárdenas' expropriation of foreign-owned oil properties in 1938 as an immediate result of labor pressure. Whereas President Alemán has permitted the continued activity of labor leaders in government and party affairs, he has limited labor's political power through manipulation of such devices at his command as government control of electoral machinery, of labor boards, and of subsidies to unions and publications. His success in this respect may be seen in his ability, even under extreme pressure from labor, to resist expropriation of foreign-held railroad and electrical industries.

Labor's political power is also limited by the frequent changes of political alignments by Mexican labor groups because of the op-

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portunism of most Mexican labor leaders. Few have convictions so deep-rooted that they cannot easily change political parties or policies should there be an opportunity for self-aggrandizement and the interests of the government not be threatened. For example, while most of the labor groups now support the government, a majority could easily go over to the Communist-controlled opposition should this serve the personal interests of their leaders. Likewise, even though these leaders are basically "anti-imperialist" and "anti-US", they are quite capable of changing to a policy of aiding the US if under sufficient pressure from the Mexican Government.

f. Wages and Availability of Mexican Labor.

There is a wide variation in the wages paid Mexican labor. The highest wages with certain exceptions are paid by US companies or their subsidiaries. On the other hand, the lowest wages throughout the country are paid by the Mexican Government and the semi-official Banco de México, a factor which has contributed to the widespread acceptance of "mordidas" (bribery; see Chapter I, pp. 9-10) by government officials. Few Mexican corporations have a job classification system or scientific bases for wage rates, relying on seniority as a semi-rigid basis for pay scales.

Wage rates in Mexico are generally a great deal lower than in the US or Canada for like jobs. For example, rates for professional and managerial jobs are about one-tenth those in the US or Canada; technicians, one-fifth to one-sixth; skilled factory workers, one-third; office workers and unskilled office and factory help, about one-half.

Mexico has a sufficiency of labor only in the agricultural and unskilled categories. The variation in wages in comparison with those paid in the US points up one of Mexico's major handicaps to industrialization—the lack of trained professional, managerial, and technical personnel. The latter problem is partially due to lack of training facilities in the country but even more to the inadequate wage incentives.

3. International Labor Organizations and Activities.

a. Mexico's Role in International Labor Organizations.

Mexico's leadership in international labor organizations has suffered a major setback as a result of the breach in world labor between East and West. Lombardo Toledano, Mexico's outstanding international labor leader, who had founded the *Confederación de Trabajadores de (la) América Latina* (CTAL) in 1938 and was one of the organizers of the World Federation of Trade Unions (WFTU) in 1945, lost considerable support when he threw his lot with the East, and non-Communist affiliates throughout Latin America withdrew from CTAL and WFTU. Lombardo's position of the late 30's and early 40's as the representative in international organizations of a million Mexican laborers was undermined when CTM deserted him, the Mexican Government discouraged further affiliation of Mexican labor with the Communist bloc (CTAL and WFTU), and Lombardo failed to secure adherence of a sufficient number of national syndicates to meet the requirements of the Mexican labor laws for registration of the new left-wing central UGOCM.

The expectation that CTM, after its defection from the Lombardo group, would assume leadership in non-Communist international labor organizations, has not materialized. CTM succeeded in forcing Lombardo's resignation from the vice-presidency of ILO in 1948, but after that single accomplishment has itself been relatively inactive. CTM has not participated in either the AF of L's *Confederación Inter-Americana de Trabajadores* (CIT) or the International Confederation of Free Trade Unions, but there are indications that it and other non-Communist Mexican labor organizations will become active in the western labor bloc.

Although Argentine labor attaches in Mexico and the *Confederación General de Trabajadores de Argentina* have made overtures to Mexican labor for support of an Argentine-sponsored inter-American labor confederation, the appeal has not been—and probably will not be—successful except in certain limited

fields. Mexican labor, however, while not specifically supporting Argentina, probably tends to support the Argentine thesis that Latin American labor should not be dominated by either Moscow or the United States. It is doubtful that Mexican labor will resume a role of international labor leadership in the near future largely because it lacks an individual of forceful character to represent its present position.

b. US-Mexican Labor Negotiations and the Bracero Question.

A phase of the Mexican labor situation which has had social, economic, and political effects in both Mexico and the US is the extensive emigration of Mexican workers (*braceros*) to the US. The problems that have caused concern to Mexico have been primarily the discriminatory treatment in wages, housing, use of public facilities, and alleged outrages committed by "Anglo-Americans" in the Southwest, thus accentuating the traditional feeling over differences in cultural, economic, and political background. A difficult problem for the US, in addition to the strain on international relations created by Mexican sensitivity to discrimination against *braceros*, has been the arrest and handling of "wetbacks" or illegal immigrants by US authorities. Since 1942 the contracting of Mexican labor has been by bilateral agreements between the two governments. Each of these agreements has been an improvement over the previous one in matters of guarantees to

workers, details of contracting, and handling of illegal entrants. With the settlement of issues causing primary concern to the two governments, however, other issues have developed, namely, dissatisfaction of US employers over high wages and other guarantees for laborers; fears of US labor that Mexican workers, in easing the tight labor market, will lessen their own bargaining powers; and antipathy of nationalistic groups in Mexico toward helping the US. Even with carefully stipulated guarantees, the problem of discrimination against Mexican workers in the US remains vexatious, and the repetition of unpleasant incidents will probably cause concern to the two governments for some time.

In addition to legal migrants, farm workers for many years have been illegally entering the US by wading or swimming the Rio Grande (because of their mode of entry, these workers are called "wetbacks").

These illegal entrants are now being deported each month by the Immigration and Naturalization Service but no means has yet been found for completely sealing the border against further illegal entrants.

On 3 June 1950, a US Executive Order established the President's Commission on Migratory Labor to make a broad study of conditions among migrant workers in the US and other problems created by the migration of workers into this country. It is understood that the question of Mexican agricultural labor in the US will draw a large share of the attention of this commission.

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CHAPTER III

ECONOMIC SITUATION

1. Genesis of the Present Economic System.

a. Historical Developments.

The original Spanish explorers in Mexico were interested primarily in precious metals and cared little for agriculture or landholding. Most of the important mineral deposits today have been worked since the early 1500's. On the other hand, the indigenous population was engaged in agriculture, which still is the basic occupation of the Indians and *mestizos*. Spanish land grants made by the Crown to influential peers were in extensive tracts, which most often included the holdings of numerous Indian families. The Catholic Church, which following the colonial period had held an estimated four-fifths of the real estate in the country, was deprived of its holdings by the Constitution of 1857; and its lands, which found their way into the hands of laymen, constituted the basis for some of the largest properties in the country. The acquisition of large estates was further promoted by Dictator Porfirio Díaz (1874-1910), who frequently at the expense of the Indian owners gave *haciendas* to his supporters. Thus, by the beginning of the present century the characteristic form of land ownership was the *latifundia*.

As a result of the Revolution of 1910, the Constitution of 1917, and subsequent laws and decrees, the pattern of land ownership has been changed to that of the *ejido* (communal tract) and small individual holdings. Whereas in 1910 88 percent of all rural families held no land, by 1940 72 percent of the farm families held land. The solution to the landholding problem brought an attendant decrease in efficiency, largely because of the uneconomic distribution of land, the absence of mechanization or modern farming methods on such small tracts, and the deterrent to improvements or even planting caused by insecurity of landholdings.

b. Role of Government in the National Economy.

Economic controls in Mexico are employed to a wider extent than in many countries to carry out a definite national program. Although all the important types of private business enterprise are provided for under Mexican law, an important aspect of the Mexican national economy has been: (1) the trend toward nationalization of water power, forest rights, transportation, and other key sectors of the economy; and (2) an increased degree of government participation in economic activities. The first is in keeping with the philosophy of the Constitution of 1917, and the second represents a later development which started under Calles but has been executed primarily by Presidents Cárdenas, Avila Camacho, and Alemán. The government has increased its participation in industry by importing and distributing commodities, investing in commercial enterprises and finance companies, subsidizing crops and certain industrial production, and controlling producers' cooperatives. At least a partial explanation of the government's increased economic activity lies in the fact that private capital is unwilling to invest in long-term industrial development—because of a preference for real estate or for the higher profits of quick commercial deals, and a fear of the long-range safety of industrial investment. On the other hand, governmental policy has to a certain extent stifled private enterprise, particularly among US and other foreign investors.

c. Nature of Economic Activity.

Total national income for 1948 is estimated at 22,500,000,000 pesos; per capita income would average 945 pesos (about US\$135). According to 1948 estimates, the gainfully employed population was 7,110,844 out of a total population of 23,876,343, divided as follows:

	Percent
Agriculture and livestock production	65
Industry	11
Commerce	9
Mining and petroleum	2
Communications and transportation	3
Professions	1
Domestic labor	3
Public administration	3
Other occupations	3
Total	100

Agricultural production has traditionally been for domestic consumption, whereas mining and petroleum accounted for 65 to 70 percent of the exports of the country. In 1949 the sharp decline in both prices and production of base metals, as well as exceptionally good harvests at increased rates under the agricultural development program, altered the export picture: agricultural, animal and food products accounted for almost 50 percent of the exports, while mining and petroleum accounted for less than 40 percent. Rising metals prices will partially stem the new trend, but generally increasing agricultural production will probably remove agriculture from the subsistence to the export category on a permanent basis. In an economy of this nature, the great bulk of the population exists at bare subsistence levels, wealth is concentrated in the hands of a very few, and there is only a small middle-income group of shopkeepers and tradesmen. Legal imports are concentrated in heavy machinery and equipment for the construction of government and industrial projects. Smuggling is extensive.

2. Description of Economic Activity.
- a. Food and Agriculture, Fishing, and Forestry.
- (1) Food and Agriculture.

Position of Agriculture in the National Economy. Agriculture and livestock production is the basic industry of Mexico, supporting 65 percent of the gainfully employed population. By the end of 1946 the program of land distribution had placed 31 million hectares of land in the hands of 1,735,650 beneficiaries. However, there were still 455,000 *campesinos* eligible for land who had not yet received their tracts. Farm production lags behind the needs and potentialities of the

country, largely because of the following problems: (a) The post-revolutionary agrarian reform has resulted in the uneconomic distribution of land. Some holdings are too small particularly for livestock and sugar-cane production, and other estates which had been improved by irrigation, drainage, farm buildings and processing plants, should have been retained as economic units. This, coupled with the lack of interest in increasing production on the part of the Indians and many peons, means that agriculture is faced with an uphill climb. (b) Only 12 percent of the country, or 23.5 million hectares, is tillable, and less than half this amount has sufficient water and satisfactory climate for agricultural production under current conditions. (c) While the area of cropland harvested increased from 3 percent of the country's total in 1910 to 3.6 percent in 1946, the population had nearly doubled, changing Mexico to a food-importing country. (d) The insecurity of private landholdings (occasioned by fear of illegal seizure of lands) hindered improvements and even planting of crops. (e) Agriculture was not mechanized and employed very few scientific farming practices, such as the use of fertilizer and improved seeds. (f) There was insufficient water for irrigation, and soil depletion and destruction of forests substantially reduced the productivity of the arable soil.

President Alemán, on taking office in December 1946, launched a new agrarian program designed to cure the agricultural ills of the country. His first achievement was an amendment to Article 27 of the Constitution, whereby adequate security was provided to encourage farmers to improve and work their lands. Subsequent decrees provided for irrigation projects to cost \$300 million and to increase the area of irrigated land by 150 percent; expansion of farm credit for improvement and the procurement of machinery; an expanded colonization program to relieve the population pressure in the central zone of the country; and the creation of various government commissions to administer the six-year plan whose aim is to make Mexico a net exporter of essential foodstuffs.

Food Crops. Because of an increase in the acreage planted and higher yields per acre,

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Mexican agricultural production has increased substantially over that of the prewar period, as may be seen from the following table:

TABLE 1. MEXICAN AGRICULTURAL PRODUCTION, 1935-39 AND 1948
(Thousands of Metric Tons)

Commodity	1935-39 Average	1947	1948	1949
	Pro- duction	Pro- duction	Pro- duction	Pro- duction
Grains				
Corn	1,715	2,518	2,832	2,300
Wheat	389	422	477	470
Rice (paddy)	83	138	150*	
Vegetables				
Beans	117		234	210*
Garbanzos	50	111	119	111
Tomatoes	69		246	
Fruits				
Bananas	624		520*	500*
Pineapples	37		130*	100*
Others	202		471*	
Meats				
Beef	226	276	333	
Pork	78	117	125	
Others				
Refined sugar	311	611	645	645
Coffee		55	53	66

*Embassy estimates.

Source: Official data from Ministry of Agriculture and Dirección General de Estadística.

Mexico currently produces sufficient quantities of major food items for domestic consumption with the exception of wheat, beans, eggs, milk, lard, and coconut oil. Other important commodities with a minor deficit are oats, barley, malt, hops, and tallow. Mexico in 1949 became self-sufficient in corn. The agricultural development program of the present administration, plus the addition of five new sugar mills, has changed Mexico from a sugar-importing to a sugar-exporting country. In addition, Mexico exports substantial quantities of rice, garbanzos, bananas, pineapples, coffee, and fresh vegetables, most of which, until recently, went to the US. In the post-war period, increasing quantities are going to the UK and Canada; and a general distribution of any surplus Mexican commodities, including meat and non-food agricultural products, is being made to Europe under provisions of the Marshall Plan.

Non-Food Agricultural Products. Mexico produces sufficient quantities of most non-food agricultural commodities for domestic consumption, with quantities of henequen, cotton, and chicle for export. Less than 5 percent of the total leaf tobacco used in Mexican factories is imported, although the sale of contraband US cigarettes, particularly in northern zones since the end of the war, has reached sizable proportions. Mexican henequen and sisal, purchased during the war by the US, are now sold on the open market, an increasing portion of the trade going to the USSR. All cotton for domestic use is grown in Mexico except for small supplies of the long staple variety. Most of the chicle crop goes to the US chewing-gum industry.

Animal Industry. Mexico has a substantial livestock industry, with about 14.5 million head of cattle, 5.1 million head of sheep, 5.6 million head of hogs, and about 8.9 million head of goats. From these, Mexico normally has sufficient meat for domestic consumption, with an exportable surplus. Numbers of dairy cattle, chickens, hogs, horses, and mules are relatively small for a predominantly agricultural country the size of Mexico. Approximately 50 percent of the milk consumed in Mexico, 30 percent of the butter, and a substantial quantity of poultry and eggs are imported from the US.

Except for the fact that insufficient lands were provided under the agrarian program for livestock raising in the central and southern parts of the Republic, the industry as a whole was in rather good condition until the disastrous *aftosa* fever (foot-and-mouth disease) struck at the end of 1946. With US financial and technical collaboration on the Joint Commission for Eradication of the Foot-and-Mouth Disease, Mexico launched an extensive campaign to slaughter and bury all infected and exposed animals. The killing of oxen—the work animals of the peons—was disastrous to small farm operations; and agricultural machinery, even with substantial Export-Import credits for its purchase, was slow in arriving and inadequate in meeting the problem. By November 1947, when the campaign was changed from slaughter to vaccination and quarantine, the program had cost the US and Mexico approximately \$30 million each, and

successful eradication was several years and many more millions in the future.

With the closing of the US borders to all Mexican livestock, a serious problem arose regarding the disposal of surplus healthy cattle in the North of Mexico, 500,000 of which were normally shipped each year to the US for fattening and slaughter. There was insufficient fodder to fatten them in Mexico, and since they were range-fed only, they were fit solely for canning. Since Mexico had previously shipped live cattle, there was little development of meat-packing facilities. Private capital advanced by the livestock interests and government funds, secured in part by *Nacional Financiera* credits from the Export-Import Bank, went for the construction of eight slaughter and chilling plants, two freezing plants, and seven canneries. The US Department of Agriculture has been consulted on sanitary regulations and requirements for export; and canned meat has been sold to the Commodity Credit Corporation for later selling to European nations under the European Recovery Program. Because of the difficulty in selling the canned meat, however, 66 million pounds of it still remain in Commodity Credit Corporation stocks. Mexican producers have switched emphasis to frozen beef products, and sales have been made from time to time to Greece for ECA dollars.

The only important non-food animal products produced in Mexico are hides and skins, sufficient for home use with a negligible surplus.

Prospects for Mexican Agriculture. President Alemán in his Emergency Plan intended by 1952 to eliminate the deficit in production of wheat, corn, and beans, and to increase substantially the production of rice and sesame for export. It is thought that the program will be easy to accomplish except that for wheat production. Major defects of the program may be noted as follows: (a) Other products, such as coffee and cacao, should have been included for export, and copra and barley for domestic use. The production of additional sesame oil seed will not eliminate the need for importing other oils such as copra or cocoanut. (b) Failure to include planning for the livestock industry left no program for

eliminating the deficit of lard and wool, although reform of the Agrarian Code in December 1949 may provide such incentive in the future. (c) Since Mexico produces only soft wheat, increased acreage will not eliminate the necessity of importing hard wheat.

Mexico, forced by dollar shortages by 1947 to eliminate imports of luxury items, reduced its purchases of agricultural items from the US and Argentina. If the government is able to overcome certain major obstacles, such as the shortage of foreign exchange for purchasing machinery (for farms, irrigation, and food processing), the shortage of tin plate for canning foods, the foot-and-mouth disease, and special problems dealing with the distribution and improvement of lands, agriculture should develop to a much higher position in the national economy.

The references above to "self-sufficiency in agriculture" envision maintaining per capita food consumption at its present level, and not improving standards of living or the quality of the average diet. The Mexican diet is in general deficient. The effects of inadequate diets fall most heavily on children, who are undernourished and enter adult life with physical handicaps beyond repair. Milk and fresh foods are not available for most Mexicans, whose standard diet is composed of *tor-tillas* (bread made of corn meal and water), *frijoles* (beans), bananas, *chiles* (peppers), and *pulque* (a low-grade liquor).

(2) Fishing.

The mere fact that Mexico has six thousand miles of coastline does not mean that the country has a sizable fishing industry. Fish is not an important part of the Mexican diet, most of the catch being luxury items (shrimp, tuna, sharks) for shipment to the US. The annual catch of fish in Mexico is only eight pounds per capita, over two-thirds of which is exported, as compared with a catch of 35 pounds per capita in the US, most of which is consumed domestically along with added imports in substantial quantity.

Mexico has numerous problems to overcome before developing a substantial fishing industry. Cheap fish, such as sardine and mackerel, are not being utilized in any degree comparable to their abundance; and the supply

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of luxury fish is being exploited about as much as possible, without any prospects of maintaining or further developing present fishing areas. Several steps would probably be necessary in order to solve the problem: (1) higher standards of living for the Mexican people, including increased consumption of fish; and (2) improved and increased transportation, refrigeration and processing facilities. Since Mexico has not as yet started proper development of the fishing industry, it is reasonable to assume that it will be some time before the problems will be solved.

The Mexican Government on 31 December 1947 adopted a new fishery law which requires that persons engaged in commercial fishing organize cooperative societies, registered with the Ministry of Treasury and Public Credit. Furthermore, foreign vessels fishing in Mexican territorial waters must register, post bond, and pay fees required by export tariff laws on all catches. Because of these particular provisions of the law, most vessels of Guatemalan, Cuban, or US origin which wish to engage in fishing operations solely within Mexican waters find it necessary to transfer their titles to Mexican registry, which usually involves at least a "paper transaction" sale of the vessel to a Mexican cooperative. A new project of a fishery law introduced in the 1949 session of Congress would eliminate some of these restrictions.

After several years of intermittent negotiations, Mexico and Cuba have finally arrived at a fisheries agreement, and the US and Mexico have arrived at tentative bases for an agreement. The delay in coming to agreement was due primarily to the refusal on the part of both the US and Cuba to recognize Mexico's claim of jurisdiction over nine miles of coastal waters instead of the three-mile jurisdiction established by international law. Friction frequently arose out of this situation, particularly as foreign vessels fishing between the three and nine-mile limits were impounded and fined heavily by Mexican authorities.

(3) Forestry.

Forests and woodlands occupy about one-seventh of the total land area of Mexico, the densest being along the coasts and in the

southern states. Soft woods are cut primarily for the domestic market, although small amounts of pine are licensed for export to the US; and hard woods are normally produced for both the domestic and export markets. Current policy of the Mexican Government is to conserve forests through severe restrictions on exploitation and prohibitions on exports, particularly of mahogany.

In spite of the belief of the Mexican Government that forest resources are being severely depleted, the Food and Agricultural Organization (UN) estimates of growth and drain of forests in Mexico from 1937 to 1946 indicate that net growth exceeded total cut by 30 percent and 45 percent respectively. For the world as a whole, the cut in 1937 was approximately 100 percent of net growth and in 1946 it exceeded net growth by 9 percent, thus indicating Mexico's favorable position in comparison to world totals.

The most important forest products in Mexico are not wood, but chicle, used as a base for chewing gum; copra, used in the manufacture of cocoanut oil; camphor; coquito palm oil; copal; and zacatón root, used to make coarse brushes; and guayule rubber. There are possibilities for profitable exploitation not only of the non-lumber products, but also of the vast tracts of virgin forests in Mexico now inaccessible because of lack of roads, rivers, and other means of transportation.

Mexico's forest resources have been used more to provide firewood and charcoal for household fuel than for any other use. The Ministry of Agriculture estimate of charcoal production in 1944, for example, was 173,231 metric tons, valued at 24 million pesos, while the Armour Research Foundation estimated that annual consumption of charcoal is three or four times as much as official estimates show. In addition, the Mexican Government authorizes annual cutting of firewood in the amount of over 600 thousand cubic meters, and actual cutting is probably much greater. In order to conserve forested areas, numerous legislative measures designed to control timber-cutting for fuel have been adopted in recent years. However, legislation to control or prohibit the burning of wood fuel can reach

only the industrial plants and urban areas effectively, since rural areas frequently have access to no other type of fuel.

b. Natural Resources.

(1) General.

Mexico is rich in natural resources, particularly in those of importance to the US: petroleum, copper, lead, zinc, silver, antimony, bismuth, and mercury. Its entire economy has since colonial days been based on exploitation of the land and the sub-soil, and until the past decade little thought has been given to processing or manufacturing industries. In time of economic crisis, Mexico thinks first of exploiting further its natural resources. Direct federal taxes imposed on minerals and petroleum amount annually to about 20 percent of the total federal taxes collected in the Republic, and as such contribute substantially to government finances.

Americans were among the first prospectors to take up mining claims in Mexico in the 1820's, just as Americans at the turn of the twentieth century were the first to develop Mexico's petroleum. Spanish Crown law and its successor, Mexican constitutional law, have always provided that sub-soil resources were the patrimony of the State. Although the Cárdenas administration saw fit in 1938 to invoke the legal provisions to expropriate oil properties, and although Mexican labor has demanded in recent years that the same laws be applied to mining properties, no action has been taken by the Mexican Government to seize such foreign-held interests. Perhaps one reason is that the government monopoly of oil and the few mining ventures which have become cooperative or have sold to the government have not been profitable. The majority of Mexican mining properties are under US ownership and operation, the largest investor being the American Smelting and Refining Company.

(2) Fuels and Power.

Petroleum. From the time of drilling of the first oil well in Mexico by the American, Edward L. Doheny, in 1901, until the present day, the development of Mexican petroleum has involved far-reaching political as well as economic consequences for the nation. Porfirio

Díaz' high tax policy plus his favoring the British concessionaires caused US oil interests to support the Madero Revolution in 1911. Between 1911 and 1917, US, British, and Dutch oil interests supported one revolutionary group after another in an attempt to secure political protection. In spite of almost continual anarchy and revolution during the period, the oil companies managed, by paying for protection, to avoid serious damage to installations. The interference of foreign business in Mexican politics was a curse to the Mexican people, and was one of the factors leading to eventual expropriation of such interests.

Mexican oil production reached its peak in 1921 when, with 193,400,000 barrels of crude, Mexico ranked second only to the US in oil output. Thereafter production declined, even though during the period 1923-1927 there was the greatest splurge of oil exploration and drilling in the history of the country. Because of the unstable political situation in Mexico, and the increasingly uncertain position of foreign capital under the Constitution and laws, many of the oil companies curtailed their production, although exploration and drilling continued.

The Mexican move to expropriate oil properties was directly occasioned by the labor struggle. In 1936 the various unions in the oil industry merged into a single union affiliated with the *Confederación de Trabajadores Mexicanos* (CTM) of Vicente Lombardo Tolezano. In October 1936 the union held its first general convention and approved a contract to be submitted to all oil companies. By the end of May 1937 it became apparent that no agreement was in sight between labor and industry. When the oil companies refused to comply with an award made by a government board, union leaders ordered all 18,000 workers to strike on 18 March 1938. Nationalization of the industry was accomplished by the Expropriation Decree of 18 March 1938, by which exclusive administration and operation of the properties were vested in an autonomous government agency, *Petróleos Mexicanos* (Pemex).

The Mexican Government, under terms of the Expropriation Law of 1936, reached an

indemnification agreement with US owners in November 1941, and with the British and Dutch in September 1947. The debt of US\$27 million to American interests has now been paid, and the second installment of approximately 8.6 million dollars has been paid on the US\$81.2 million commitment to British-Dutch interests.

The immediate cause of expropriation—labor difficulties—continued unabated under Pemex. Illegal work stoppages (*paros*) and called strikes, together with continually increasing wage and salary demands and added social and medical benefits, have increased operation costs to such an extent that they are an important factor in Pemex' inability to show a profit. One of the immediate consequences of expropriation was a decline in production from 48,000,000 barrels of crude in 1937 to 38,500,000 in 1938. Shipping difficulties resulting from the war as well as loss of the European market kept production down, so that it was 1946 before the pre-expropriation level was again reached. Pemex, lacking both the financial resources and technical ability to engage in systematic and energetic exploration, during the ten-year period following expropriation has drilled only 356 wells, or one-fourth the number drilled in the ten-year period immediately before expropriation. Most of the drilling has been in proved fields, few new reserves having been developed.

Mexico's proved petroleum reserves are estimated currently to be one billion barrels. Most of the known reserves, as well as 60 percent of the annual crude production, are in the Poza Rica field. Mexican and US oil officials believe that the greatest undeveloped oil field is in northeast Mexico, between Tampico and the Río Grande, and westward as far as the border of Nuevo León. It is their opinion that, geologically, this area is similar to the fields of Texas to the north, and those of Mexico to the south.

In spite of the difficulties which have faced Pemex for the past ten years, Mexico still remains a substantial oil-producing country, with an output of 56,000,000 barrels of crude in 1947, 58,500,000 barrels in 1948, and 60,910,000 barrels in 1949. (See map, Appendix II, for petroleum fields.)

However, as the domestic demand for petroleum increases rapidly, Pemex is under greater pressure to expand its production program. Domestic consumption increased from 49.6 million barrels in 1948 to 51.9 million in 1949. Although no definitely established new fields were discovered during 1949, there were some promising indications. More extensive development of new fields in Mexico would help to alleviate the growing world demand for oil, the need of the US for petroleum in the Western Hemisphere, and Mexico's own need for dollars.

Mexican oil refineries (see map, Appendix II) produce all the principal refined products: gasoline, kerosene, gas oil, fuel oil, lubricants, asphalt, and paraffin wax as well as small quantities of liquefied gas. Refinery output in 1949 totaled 50,805,000 barrels, as compared with 47,547,000 barrels in 1948. Mexico's major exportable refined product is fuel oil of which 5,627,225 barrels were exported in 1949. Imports, all refined products, were necessitated largely by the lack of local transportation to the west coast. Total exports of petroleum and products in 1949 were 14,126,000 barrels.

Most of Mexico's refineries, built by foreign companies before expropriation, are critically in need of repairs and new equipment. Those showing particular deterioration are the Ciudad Madero, Arbol Grande, and Mata Redonda plants, which serve the Tampico and Southern fields with a combined capacity of 87,000 barrels per day; the Minatitlán refinery, which processes all the Isthmus production and some shipped in by barge from the Southern fields; the older units at Poza Rica; and several smaller refineries serving Nuevo Laredo, Monterrey, and Ciudad Juárez. New facilities recently constructed by Pemex with the financial assistance of the Export-Import Bank (the Poza Rica absorption plant, compressor stations and stabilizing plant, and the Atzacapotzalco refinery) have added substantially to the total refining capacity, particularly of gasoline and fuel oil. In addition, Pemex has inaugurated a new refinery at Salamanca, to have a capacity of 30,000 barrels per day; and plans are under way for future construction of similar refineries at Salina Cruz and Guaymas, which it is hoped will relieve the petro-

leum shortage on the west coast and in Baja California.

One of the more serious problems in the Mexican petroleum industry has been the shortage of transportation equipment, which additional tankers secured through the US Maritime Commission may help to alleviate. The shortage of tankers has seriously hampered the supply of petroleum to the Mexican west coast and the shipment to the US east coast. Internal transportation is also inadequately provided by the maladministered National Railways. One of Pemex' chief complaints has been that non-maintenance of schedules, frequent *paros* (illegal work-stoppages), and the lack of adequate rolling stock have crippled internal movement of petroleum and its products.

Pemex pipe-line facilities (see map, Appendix II) are the most nearly adequate of the various parts of the distribution system. Mexico in 1948 had a total of 443 miles of single pipe line, 47 miles of double line, 126 miles of triple line, and 106 miles of branch line within the various fields. In addition, Pemex during 1949 partially constructed a line from Poza Rica to Salamanca, where a refinery has been built, and one from Minatitlán to Salina Cruz to free Pemex from dependence on rail transportation to supply the west coast area. A second line from Poza Rica to Mexico City has been constructed to transport dry gas.

An additional problem is created in handling petroleum by virtue of the fact that Pemex has few and inadequate bulk storage facilities. Much of the storage is owned either by private business interests or by the Mexican Navy; consequently, a considerable part of the oil is not available for general consumption. Only in Tuxpan and Campeche are storage facilities adequate for the area served. Much of the storage in other localities is intended for fuel oil only. Storage for other refined oils including aviation gasoline is small in volume.

Pemex divides the task of distribution of petroleum products with private companies. Most of the US oil companies which export petroleum to Mexico handle sales there through their own organizations or through

recognized distributors. Mexico's new duties on imported lubricants, however, are expected to force most of the independent US importers out of business, leaving only two or three of the major US oil companies and Pemex. Pemex recently cancelled the contract with the Standard Oil of New Jersey for the distribution of aviation gasoline, and it is reported that Pemex may become the sole distributor of all petroleum products in Mexico.

Mexico is seriously interested in substantially increasing its petroleum production both to supply its growing domestic need and to provide exports. It is believed that Pemex may be able to make some progress in developing Mexico's petroleum resources, particularly by signing development contracts with US oil firms.

The Mexican Government and people believe that the state should possess ultimate ownership of natural resources and control over their exploitation. This attitude has not changed despite the need in the petroleum industry for expanded output and profits. It is this difference in concept between the US and Mexico which caused the suspension of oil loan negotiations in July 1949. Mexico has, however, retained its basic concept of state ownership of oil resources but altered its operational policy to permit private foreign oil capital to develop its latent reserves.

Contracts signed with foreign oil companies take one of two possible forms: (a) A contract may be signed, similar to that concluded with the Cities Service Company, whereby the company will lend certain sums of money to Pemex, and will be repaid in crude oil, amounts up to 80 percent of the production. Other variations of the same type would be the furnishing of equipment to Pemex, such as pipe, well-casing, et cetera. In such cases, all exploration, drilling, and production would be performed solely by Pemex. (b) Contracts may be signed under which foreign oil companies could drill in Mexico at their own expense. Should no producing wells be brought in, the company would stand the loss. Should they strike oil, they would be repaid for cost plus a reasonable profit in oil produced from the wells. Several contracts of the latter nature have already been signed, and one new

field started. Since the Mexican oil future seems to rely so heavily on the ingress of US oil interests, future expansion prospects may be largely conditioned by the operational policy of Pemex as related to the demands of private investors.

Natural Gas. Mexico has natural gas available, but not extensively developed, in the states of Tamaulipas, Nuevo León, and Coahuila, all immediately across the Río Grande from the large Texas natural gas fields. Most of the gas now used for operation of industries (principally at Monterrey and Piedras Negras) is brought in by pipe line from Texas. Two pipe lines have been operated from the Texas border to Monterrey, and repeated attempts have been made to secure substantial increases in the supply of fuel allowed them. Texas, interested in conservation of its resources, objected to increased fuel movements on the near certainty that ample supplies of Mexican gas could be secured south of the border if Mexico would simply develop them. Pemex has therefore since 1946 been conducting explorations for gas in Tamaulipas and has several proven natural gas and gas-distillate fields in the Reynosa district, including the Misión, Camargo, Valadeces, Reynosa, 18 de Marzo, and Brasil fields. Moreover, gas has been discovered in the Poza Rica field, and in this connection Pemex has constructed a gas pipe line to Mexico City, designed to move 60 million cubic feet of gas daily. Since a shortage of fuel and power (whether coal, oil, or electric energy) is one bottleneck in the further industrialization of Mexico, the successful development of domestic natural gas fields might conceivably provide a suitable substitute fuel for industrial use, and, in addition, conserve foreign exchange for purchases of industrial machinery and other goods not feasible for domestic production.

Solid Fuels. The solid fuels situation, which is limiting the production of steel and is affecting the expansion of base metals production in Mexico, is due to lack of development of coal resources and not to a lack of coke-making facilities. The Sabinas field in the State of Coahuila is the major source of bituminous coal in Mexico, with reserves estimated at one billion tons. The coal is soft

and friable and contains considerable ash, so that it is not suitable for long-distance transportation, but it is a substantial source and the only known supply of coking coal in Mexico. Mexico's coke deficit in 1949 was 30,000 tons.

The American Smelting and Refining Company (ASARCO), which operates under the name of *Cía. Carbonífera de Sabinas, S.A.*, has a large coke plant and 60 by-product ovens at Rosita, State of Coahuila. ASARCO provides coal for the plant by mining the "Rosita" and "Cloete" properties, both under lease. Certain contracts with Mexican firms and economic and political considerations in Mexico require that ASARCO sell as much coke as possible to *Altos Hornos, Cía. Fundidora de Fierro y Acero*, and other companies, in addition to supplying its own needs for base metal smelting and processing. The Mexican Government has exerted pressure on ASARCO to increase its coal and coke operations, but to date the company has resisted such pressure.

Cía. Carbonífera Unida de Palau, S.A. (CUPSA), the coal-producing company controlled largely by *Nacional Financiera, S.A.*, was producing about 20,000 tons of coal per month from the Sabinas fields, and has been granted a \$2.7 million Eximbank loan for expanded production.

Transportation from the Sabinas district to the steel plants in Monterrey is supplied by the National Railways, over track mostly of light rails which do not stand up well under the heavy loads transported. There is also a scarcity of rolling stock and locomotive power, which has forced the steel mills to supply their own freight cars.

It is an odd fact that in all of its varied moves toward industrialization, the Mexican Government has paid so little attention to its coal. Extensive coal deposits exist in various regions of Mexico, but few of these have been developed. The Mexican Government has been contemplating exploitation of some mines in order to use coal as a substitute to relieve the severe fuel oil shortage in the north-western coastal area. Since, however, a railroad would have to be built to transport coal from the mines, the project could not be completed in the near future.

Firewood and wood charcoal have always been virtually the only household fuels used throughout Mexico, but it is impossible to obtain even reasonably sound figures for production (see *Forestry*, page 25). There is some use of sugar-cane bagasse and wood waste as fuel, and a much wider use is possible. A very small amount of petroleum coke, for which there is always a ready market, is made as a by-product in Mexican refineries.

Electric Power. Because of the shortages of electric power suffered in recent years, plus the Mexican industrialization program which envisions a greatly expanded demand for electric power, Mexico has begun a vast electrification project designed to increase the power supply by over 100 percent by 1952, about half of which would be hydroelectric power. Primarily because of the expense involved in such projects as compared with the financial situation of the Mexican Government, and the shortages of machinery and equipment in the postwar period, Mexico's electrification program is lagging behind schedule; but Mexican officials hope that financial and technical aid from the US will still enable them to provide the electricity for industrial expansion.

The annual output of electric power has increased substantially in recent years. For many years, Mexico has imported about 20 million kilowatt hours of electric energy annually, principally along the border of Baja California. The installed capacity at the beginning of the Alemán administration in 1946 was 756 thousand kilowatts, about half of the plants being hydro and the other half steam, utilizing petroleum, gas, or coal for fuel. Even though hydroelectric plants accounted for only 50 percent in number, they provided about 70 percent of the total installed generator capacity of public-service corporations.

During the dry months in Mexico there has normally been a hydroelectric power shortage, which frequently becomes so acute that industrial plants have to curtail production and all users of electricity experience hardships, and in addition the lack of water for domestic consumption results in dangerously unsanitary conditions. Since Mexican power supply is not adequate on a year-round basis for normal use by existing consumers, a very

great increase in power supply must be effected before Mexico can proceed with its plans for industrialization.

In recent years, plans for construction of new power plants have been carried on under auspices of the *Comisión Federal de Electricidad*, created in 1937 to organize and direct a national system for the generation, transmission and distribution of electric power on a non-profit basis. The Ixtapantongo hydroelectric project for supply of the central region of the country was started in 1938 and the first unit began operations in 1944. Other projects planned and begun by the CFE are now serving the States of Michoacán, Nayarit, Guerrero, and Morelos; and the future plans include extension of services to coastal and rural areas not presently served by electricity. Many of the projects are closely related to irrigation programs, others are part of the rural-electrification program, and still others involve expansion of current facilities in order to provide added kilowatt capacity for industrial needs.

President Alemán in his inaugural address delivered 1 December 1946 announced that a new Ministry of Hydraulic Resources would be created, its purpose to supervise the construction of major irrigation systems. Hydroelectric projects in connection with such systems are also under the Ministry. At the time the new Ministry was created, the administration announced plans to spend US\$16 million immediately to meet the power shortage and to undertake a six-year electrification program which would provide an additional one million kilowatt capacity. Major irrigation projects under construction, which include hydroelectric plants, are the Papaloapan (known as the "Mexican TVA"), the Tepalcatepec, and the Naxas projects, estimated to cost at least US\$300 million in the aggregate by the time they are completed. In addition projects designed primarily for hydroelectric power and currently under construction, or being expanded, include the Santa Bárbara, Lerma, Colimilla, El Durango, Mecaxa, El Encanto, Minas, and Ixtapantongo plants, which will provide a combined added capacity of 178 thousand kw. Steam plants being installed at Tacubaya, La Laguna, Guaymas, Bella

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Vista, Monclova, Ciudad Juárez, Guadalajara, Ciudad Obregón, and other places will add capacity of 182, thousand kw. The International Bank and the US Export-Import Bank have granted substantial credits to help in the purchase of machinery for the electrification program. Pemex is now constructing a thermal plant at Atzacapotzalco to provide power for its new refineries. While this installation will have a surplus for other consumers, it is not intended to be a part of the general electrification program.

Private industry, particularly the *Cia. Mexicana de Luz y Fuerza Motriz, S.A.* (owned by Belgian, Canadian, and US capital and directed by US ex-Ambassador Messersmith), is also planning a construction program and is relying on the Export-Import Bank for funds for equipment and machinery.

It has been the policy of the Mexican Government, while handling the general direction and over-all planning for the electric power industry, to rely on private industry to handle the work of transmitting and distributing electric power. Where rural centers offer no incentive to private utilities, the *Comisión Federal de Electricidad* has embarked on a program of rural electrification. And where private capital cannot finance the extensive developments essential to the industrialization program, the government has been handling such constructions to provide the power to private companies for distribution.

Cia. Mexicana de Luz y Fuerza Motriz, S.A. operates in Mexico City and surrounding areas and is the most important electric distributing company in the country. This company serves an area of 2,500 square miles and annually sells over half the total electricity generated in the country. Among other light and power companies, the most important are subsidiaries of American and Foreign Power Company (a US corporation), which operates in various parts of the country. A group of companies in the State of Sonora is owned and operated by US interests, and a number of small independent companies are operated by Mexican capital. The Mexican Government has also entered the light and power industry through *Nacional Financiera*, which has constructed various projects including facilities for transmission and distribution in some instances where private capital is not attracted.

(3) Minerals and Metals.

Mineral Production. Mexico's mineral production has always been an important source of its foreign exchange. Mineral products currently account for 30 to 40 percent of total Mexican exports. The wartime and postwar demand for minerals and metals has kept Mexican mines, mills, and smelters working at capacity. The mine workers in Mexico are estimated to number 90 thousand.

Prewar and postwar production of major Mexican minerals may be shown as follows:

TABLE 2. MEXICAN MINERAL PRODUCTION				
(Metric tons except where designated otherwise)				
Minerals	Rank in	1938	1948	1949
	World			
	Production	Production	Production	Production
	1947			
Gold		28,734 kg.	11.4	12.6
Silver	1	2,520	1,789	1,538
Copper		41,851	59,076	57,246
Lead	2	282,369	193,318	220,764
Zinc	3	172,218	179,030	178,402
Antimony	2	8,069	7,380	5,753
Mercury	5	294	165	181
Arsenic	3	8,894	7,572	3,576
Cadmium	2	762	905	819
Graphite		9,611	35,261	23,812
Tin		253	184	364
Tungsten		70	80	38
Molybdenum	3	806	226	—
Iron		111,093	226,533	246,573
Manganese		N. A.	24,014	23,771
Blismuth	2	186	154	249

The value of Mexican mineral production increased substantially during the war. While there was some increase in tonnage, there has been such drastic inflation in the world market price for base metals that the increased value of Mexican mineral production is largely a result of price rather than volume increase. Since the cost of labor, materials, machinery, and taxes have increased correspondingly, the profit ratio is not thought to have been improved.

Mexico's mineral production in 1946 dropped 25 percent below that of 1945, largely because all unionized mines except copper were on strike almost the entire first quarter of the year. The Alemán administration's relatively stringent labor policy, coupled with the fact that mining contracts did not come up for renewal, kept the mines in operation during most of 1947, so that production increased substantially. Toward the end of 1947, however, labor became restive; the miners formed new alliances with other industrial syndicates; and by January 1948 it became apparent that the mining industries were facing paralyzation by widespread strikes over renewal of the biennial labor contract.¹ From January until March the largest mining operations in Mexico were closed by strikes, and 1948 production showed a net tonnage decline of 5 percent from 1947 levels. The sharp decline in world prices for base metals in 1949, amounting to almost 50 percent in zinc and 40 percent in lead, created some difficulties for mining interests, particularly those involving marginal operations.

Mexico is one of the primary sources to the US of the following strategic minerals: lead, zinc, antimony, bismuth, cadmium, and amorphous graphite. Mexico is also an important source to the US of copper, mercury, and strontium ores, and during World War II supplied the US with varying tonnages of other strategic minerals such as manganese, tungsten, and tin. Although Mexico is a major exporter and self-sufficient in many minerals and metals, scrap iron, tin plate, and special

¹ There was an estimated 32 percent increase, 1947 over 1946, in production of the seven most important metals: gold, silver, copper, lead, zinc, antimony, iron.

steels are imported from the US. Although Mexico has now about 130 smelters and processing plants scattered through the mining areas, considerable quantities of ore and concentrates, particularly copper and zinc, are shipped to the US for smelting and refining. Should Mexico's plans for development of heavy industry materialize, exports to the US of many minerals might either cease or be substantially curtailed.

Important Mining Companies and Districts

The principal mining districts in Mexico are in the western regions from Sonora to Michoacán. The American Smelting and Refining Company, the principal lead and zinc producer, has most of its mines and smelters in the States of Chihuahua and Zacatecas, with other deposits in San Luis Potosí, Guanajuato, Oaxaca, and Michoacán. Second among US lead producers is the American Metal Company, Ltd., whose lead investments are principally in Mexico. The Cananea Consolidated Copper Company, an Anaconda subsidiary, is the principal copper producer with most of its operations in the State of Sonora. Silver and gold, both as separate deposits and as by-products of lead and zinc mining, are found principally in Chihuahua, Hidalgo, and Zacatecas. The principal antimony mines in San Luis Potosí, Durango, and Oaxaca, and the large smelter in Laredo, Texas, have been purchased from British interests by the US-owned National Lead Company. US investments in Mexican mining enterprises are the largest bloc of US investments in any Mexican industry and the largest bloc of foreign control in the Mexican mining industry. In terms of value the US investments are principally in lead, zinc, gold and silver; but the antimony, copper, and graphite production are largely controlled by US capital.

Outlook for Mexican Minerals. It is difficult to estimate the actual or potential reserves of Mexican minerals and metals, since many areas thought to contain rich deposits have never been tested, and others have been abandoned because of transportation or other difficulties, leaving known deposits of unestimated value. For example, many mountainous areas have long been known to offer promising mineral deposits, but the latter could be

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carried to smelters and markets only by burro. In many instances, it would not be profitable or feasible for mining interests to build highways and railroads, owing to high taxes and the government's attitude toward foreign capital. Exploratory and development work, therefore, may be forced to wait for public projects, which will be slow at best.

Exploitation of new mining properties has been retarded by the reluctance of mining companies to expand investments in face of the extreme burden of taxation,¹ spiralling labor costs, and the uncertain outlook for foreign capital in Mexico; by inadequate transportation facilities and the inaccessibility of many prospective mining areas; and by the fact that Mexico is still in a relatively early stage of technological development as regards use of some metals.

Even though Mexico is interested in improving its foreign exchange position, with minerals currently playing the star role in the field of exports, the Mexican Government has done little to encourage exploitation of mineral resources. Mexico's export and import licensing system operated in a restrictive fashion to block the imports of machinery and raw materials during the period of extreme dollar shortages. Improvement in the economic situation has brought about a relief from these restrictions.

c. Industry (Manufacturing).

(1) Role of Industry in the National Economy.

In comparison with the US, UK, or other important industrialized countries, Mexico would be considered as primarily non-industrial. Despite certain disadvantages, especially the lack of extensive deposits of low-cost coal, however, Mexico ranks fourth in manufacturing among the nations of Latin America (Argentina, Brazil, and Chile are the three leaders). Mexico produces primarily

¹ Production taxes amount to about 25 percent of the gross rates of minerals and metals; and, additionally, a presidential decree of August 1948 imposes a new 15 percent export tax on all mine products. The latter tax has been subsequently removed on some commodities. Taxes on mineral production are ad valorem on a sliding scale according to the peso-dollar exchange rate.

textiles, food products and other light consumer goods, with some heavy industry. Just as production is concentrated in only a few industries, plants are also concentrated geographically, with one-third by value of all manufactured goods in Mexico produced in the Federal District and the remaining two-thirds concentrated in Guadalajara, Monterrey, Puebla, Mérida, Aguascalientes, Torreón, León, San Luis Potosí, and Veracruz.

Manufacturing development began in Mexico about half a century ago. The period 1880-1910 was one of rapid industrial development because of Dictator Porfirio Díaz' policy of encouraging foreign investments, transportation development, and private hydroelectric power projects. Many of the important manufacturing enterprises in existence today were established from 1892-1906, e.g., the more important textile mills, the Orizaba jute factory, the Monterrey iron and steel works, the San Rafael paper mill, the Laguna cottonseed oil and soap works, and leading breweries and cigarette factories. After the revolution of 1910, interest was centered primarily in agrarian reform and development of communications, public utilities, and natural resources. Very little attention was given manufacturing by either private interests or the government until, during the recent war, shortages of goods for import stimulated domestic production. The Mexican Government in its overall economic planning is, during the post-war era, stressing industrialization over agriculture.

(2) Industrial Activity.

Production of major Mexican manufacturing industries may be shown as follows:

(a) *Industries in Which Mexico is Essentially Self-Sufficient.* Mexico's most important industries are those which are traditional domestic enterprises, such as food-processing, textiles, and handicrafts; and they also represent the fields in which the country is essentially self-sufficient.

The most important group of manufacturing industries is food-processing, comprised of flour-milling, sugar grinding and refining, edible fats and oils, canned and preserved foods (fruits, vegetables, fish and meat), meat-packing, dairy products, candies and biscuits,

TABLE 3. PRODUCTION OF MAJOR MANUFACTURING INDUSTRIES
 (Thousands of Pesos)

Industry	1940	1947	1948
Food Processing			
Vegetable oils	40,660	157,206	165,651
Sugar mills	82,710	356,605	413,357
Beer	62,615	247,040	248,809
Canned foods	16,099	48,018	52,694
Cookies, crackers, food pastes	15,339	47,159	56,595
Flour mills	90,437	243,461	225,705
TOTAL	306,860	1,099,489	1,192,811
Textiles			
Cotton yarn and cloth	194,673	618,799	692,783
Wool yarn and cloth	41,990	102,573	104,943
Silk and rayon yarn and cloth	31,444	62,328	87,483
TOTAL	268,107	783,700	885,209
Clothing			
Dry goods	6,799	37,843	50,076
Shoes	25,098	43,104	55,284
Work clothes	14,084	22,788	24,067
TOTAL	45,981	103,735	129,427
Building Materials			
Cement	15,455	65,022	75,175
Brick, tile, etc.	3,068	8,989	8,426
Floor and wall tile, etc.	3,553	16,155	14,535
TOTAL	22,076	90,166	98,136
Others			
Alcohol	13,574	53,690	48,140
Rubber manufactures	32,993	122,596	169,512
Carpentry and furniture	11,105	17,910	19,486
Matches	9,880	33,120	38,118
Cigars and cigarettes	68,894	164,896	175,257
Iron and steel foundries	44,776	183,081	211,566
Soap	47,099	159,422	193,122
Paper	41,402	80,984	105,920
Glass	15,212	47,123	54,113

and beverages (including beer, pulque, mes-
 cal, tequila and aguardiente, and non-alco-
 holic beverages). Over 90 percent of the ma-
 terials for food and beverage industries are
 of domestic origin; and this percentage is im-
 proving as domestic production of wheat, corn
 and other products increases under the
 agrarian program. Furthermore, the food-
 processing industry is in a state of almost
 constant expansion: new fish-canning plants
 are being built on the west coast; the foot-
 and-mouth disease has made necessary the
 construction of meat-canning, packing, and
 freezing plants to dispose of surplus herds;
 new pasteurization and milk products plants

have been built in various cities, largely with
 foreign capital; at least three new sugar re-
 fineries have been built since the war, partially
 with Export-Import Bank funds; Hawaiian
 Pineapple, Ltd. is planning the construction
 of a pineapple-packing plant. Most food
 processing is for domestic consumption, with
 some exports of meat.

The second most important Mexican indus-
 try in terms of value of annual production is
 the textile industry. The leading branch of
 the textile industry is cotton cloth, produced
 in sufficient quantity for domestic consump-
 tion with an exportable surplus, and supplied
 entirely by domestic raw cotton production.

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Mexico also has an expanding industry in rayon and woolen textiles. Whereas before the war, no rayon yarn was produced in Mexico, imports coming chiefly from Japan and Italy, a substantial part of the yarn is now produced domestically; and two new Celanese Corporation plants constructed since the war have added substantially to the volume of rayon fabrics produced domestically. Although woolen textiles are manufactured in quantities almost sufficient for domestic requirements, two-thirds of the wool required must be imported, since the Mexican sheep industry has never been substantial. Australia was the normal source of Mexican wool imports before the war, but Argentina became the primary source during the war and still holds the market.

The Mexican clothing industry is large enough to provide most of domestic needs, but, since most of the clothing is produced in homes and in small tailor and dress shops, there are no official statistics to show the extent of output. Shoes, a part of the leather-goods industry, are also produced sufficiently to meet domestic needs from the native tanning industry.

An industry closely related to agriculture and textiles, and in which Mexico is an important exporter, is the native fiber industry: henequen, sisal, ixtle, zacatón root, and kapok. Henequen and sisal, grown particularly in the Yucatán peninsula, are important in the manufacture of rope and cordage, sold entirely to the US during the war, when manila fibers were in short supply, and purchased in increasing amounts during the postwar period by the USSR.

There are a number of minor manufacturing industries in which Mexican domestic production is sufficient or near sufficient to meet demand. These include the production of soap, candelilla wax, tobacco products, turpentine and resin, matches, razor blades, bottle caps, luggage, and floor and wall tiles. These manufactures, furthermore, depend primarily on domestic raw materials.

(b) *Industries in Which Mexico is Partially Self-Sufficient.* There is a wide variety of manufacturing industries in which Mexico is only partially self-sufficient, most of which,

in addition, rely heavily on imported raw materials. Some of these industries started during the war and have been encouraged and protected by the government since that time in an effort to build an industrial economy. Among the manufactures in this category are chemical and allied industries (including industrial chemicals, pharmaceuticals and drugs, fertilizers, paints and varnishes), paper and paper products, lumber and wood products (including plywood and furniture), plastics, and rubber products (tires, tubes and other rubber goods). The Mexican Government has applied protective tariffs to most of these industries, even though they supply only part of the needs of the country.

(c) *Assembly Plants.* Foreign capital has so far entered the Mexican manufacturing picture only to a limited extent, being concentrated primarily in the assembly of imported parts. Ford, General Motors, Chrysler, Nash, Hudson, Willys, Packard, and Studebaker have erected automobile assembly plants; and International Harvester assembles trucks and certain farm implements in Mexico.¹ Three firms import from the US and assemble air-conditioning and refrigerating equipment, and General Electric, Westinghouse, Norge, Bendix, RCA-Victor, Philco, and Zenith have branch plants in Mexico assembling all types of electric equipment. President Alemán, during 1947, began to stress the need for development of heavy industry in Mexico and with this aim has been encouraging the development of facilities prerequisite to heavy industry.

(d) *Military Industry.* The Department of Military Industry of the Mexican Government controls the four factories now in operation which produce arms and ammunition. These include the *Fábrica Nacional de Cartuchos*, which produces cartridges up to .50 caliber except for .22; *Fábrica Nacional de Pólvora*, producing smokeless powder, black powder, TNT and sulphuric and nitric acids; *Fábrica Nacional de Armas*, producing *Mosquetón* rifles, *Mendoza* machine guns and equipment for the same; and *Fundición Nacional de Artillería*, producing 60 and 81 mm mortars

¹ The majority of farm implements, however, are imported pre-assembled.



and ammunition, 37 mm AT ammunition, hand grenades, helmets, canteens, etc., and maintaining a repair shop for large pieces of ordnance. There are no other plants producing arms and ammunition, and only two others, the dynamite plants near Torreón and in Durango, which produce explosives. The munitions industry relies on domestic raw materials with the exception of sulphur from the US, nitrates from Chile, special steel imported from the US, and copper from a Texas plant which refines Mexican ore. Existing facilities are adequate to supply the army with the types of material produced, but heavier equipment and supplies must be imported. A new ordnance factory, *Maestranza de Artillería*, now under construction, is designed to produce everything needed by the army, including arms, ammunition and medicine. Mexico anticipates that this factory will also enable it to sell arms and ammunition, manufactured to meet specifications of the Hemisphere arms-standardization program, to other nations of Latin America.

(e) *Handicrafts*. Mexico has one of the richest craft traditions in Latin America. Many pre-conquest arts are still flourishing, and many others, such as ceramics, tile, and lacquer work, were introduced by the Spanish priests and taught to native craftsmen. Each community has its own style, developed through centuries, and certain areas may be regarded as collection centers producing handicraft articles typical of the region. The principal handicraft articles are in the textiles, woodwork, basketry, leather, glass, ceramics, metals, and stone. At the height of the export boom, during World War II, about three million Indian artisans (15 percent of the national population) were part or full-time employed in the production of handicraft articles, and an even larger number of persons were dependent on the craftsman's income. There are no official statistics of any kind covering the manufacture of handicraft goods in Mexico, and no export statistics in any line except silver. The total maximum annual export value of all Mexican handicraft articles, including goods exported by tourists, is roughly estimated to be US \$11 million.

(3) *Outlook for Mexican Manufacturing.*

There is a limited local market for manufactured goods in Mexico because of the low purchasing power of the population, maintenance of traditional standards of living by large segments of the population, and virtual isolation of many rural areas from markets and centers of production. However, Mexico's manufacturing industry can be expected to expand in the near future provided factors now limiting manufacturing can be overcome. The more important of these limitations are as follows:

1. The establishing of industries which are not able to meet US competition has partially dislocated the economy insofar as resources are not put to their most economic use.

2. Shortages of fuel and power currently hamper the development of heavy industry particularly.

3. Mexico has a large cheap labor force, but one that lacks technical training.

4. Capital in large sums is needed for investment in Mexican industry.

5. Transportation and storage facilities are inadequate to support an industrial economy.

Mexican Government economic and commercial policies have been aimed, though inconsistently, toward aiding industrialization. Measures adopted so far have been import tariffs, exemption from taxes for industries deemed important to the national welfare, building of power projects, sponsoring and financing some industries, and guaranteeing loans to others. A modification of certain other government policies, such as restrictions on foreign capital and labor, may be the steps which Mexico will adopt to foster sound economic growth in the future.

d. Transportation and Communications.

(1) *Transportation.*

Highways. Mexico has more than 29,200 kilometers of passable highways: 3,800 kilometers are asphalt-paved; 7,700 kilometers are federal surfaced gravel highways; 2,000 kilometers are graded federal country roads; 7,000 kilometers are country, state, or village roads; and 3,700 kilometers are federal ungraded dirt roads (see transportation map in Appendix). The Pan-American highway now extends through Mexico from Nuevo Laredo, Tamaulipas,

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pas, on the US border nearly to the Guatemalan border. By 1952, the present Mexican administration is committed to spend 1,230,000 pesos on roads.

All passenger busses in Mexico are owned and operated by associations in which concessions are restricted to Mexicans by birth. There are 80 first-class busses and 190 second-class busses leaving Mexico City terminals daily. The most important trucking line is *Lineas Unidas del Norte*, operating between Laredo and Brownsville and Mexico City.

There are very few paved highways capable of sustaining truck transport and bus service outside the Pan American Highway. The Ciudad Juárez-Mexico City highway is a first-class road for bus and truck traffic. Bus service out of Monterrey, Guadalajara, Nuevo Laredo and Ciudad Juárez is substantial. In most rural areas the major form of transportation, of persons or agricultural commodities, is by burro; and the burro is used almost as much as hand-pushed carts to transport minerals from the mines to processing plants.

Railways. Railroads in Mexico (see transportation map in Appendix) are operated by a separate government agency, *Ferrocarriles Nacionales de México* (National Railways). The principal lines are Laredo-Mexico City, Mexico City-Orizaba - Veracruz (formerly the British - Mexican Railway), Intercoastal Railway, and Mexico City - Jalapa - Veracruz. The National Railways also operate a line from Veracruz to Suchiate on the Guatemalan border. The National Railways, with a total of 13,332 kilometers, are in a poor state of repair, suffer from a severe shortage of both motive power and rolling stock, are inefficiently operated, and do not serve all areas of the Republic. The severe shortage of rolling stock is aggravated by two factors: slowness in making repairs, and the necessity of paying gratuities to officials in charge of car supply before empty freight cars can be obtained for loading.

very few lakes. Shipping in these waters is negligible. Mexico is unimportant as a maritime nation; its merchant marine, which is engaged mostly in coastwise trade, has a total registration of 419 vessels and tugs, consisting principally of small ships and totalling 153,600 DWT as of 31 December 1948. Of these, there are only 21 vessels of more than 1,000 gross tons, totalling 109,089 gross tons. Dry cargo export-import requirements are met largely by foreign-flag vessels. The Mexican Government, interested in developing a better fleet, is endeavoring to form a joint enterprise with Central American countries.

The principal Mexican ports are Tampico, Tuxpan, Veracruz, Coatzacoalcas, Ciudad del Carmen, Campeche, Progreso, Acapulco, Manzanillo, Mazatlán, La Paz, and Guaymas. The chief seaports for foreign trade are on the Gulf coast, the west coast ports being devoted largely to coast-wise trade. Although there are good harbors on the west coast, the lack of communications with the central plateau has inhibited their development. They will not attract much foreign trade until they are connected with the rest of the country by adequate means of transportation.

Air Transportation. There are two US commercial air carriers operating in Mexico, American Airlines and Pan American Airways, and one Central American company, *Transportes Aéreos Centro-Americanos* (TACA). In addition, there are three major Mexican air carriers: *Cia. Mexicana de Aviación* (CMA), a Pan American subsidiary which dominates Mexican aviation with approximately one-third of the total aviation business; *Aeronaves de México, SA*, with participation by Pan American; and *Lineas Aéreas Mexicanas, SA* (LAMSA), which is wholly owned by United Airlines. There are numerous secondary Mexican air carriers operating within the country. A new company, *Aerovías Guest*, flies from Mexico City to Portugal and Spain via Miami. Of the many Mexican air services, the thirteen scheduled operators are the most significant. The international lines connect with all points in the US and the rest of the world for passenger and air cargo (see map for air routes). Basic considerations which have prevented the successful conclusion of

The *Sud-Pacífico de México*, operating between Guadalajara and Nogales with 1,855 kilometers of track, and other privately owned railways, operate only in limited areas.

Inland Waterways and Ocean Shipping. Mexico has no important navigable rivers and

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civil aviation agreements with the US and UK are believed to be Mexico's desire to develop and protect domestic civil aviation, which is not in a position to compete with major US or UK air lines. Although the Mexican Government takes a firm stand to protect the interests of its US-dominated airline service, it does little else to aid operations within the country.

(e) **Conclusions.** Mexican transportation is in general inadequate and inefficient, and as such has retarded the economic development of the country. There are essentially no lateral highways connecting the east and west coasts except through Mexico City. There is almost a total lack of improved ground transportation facilities in Baja California. There is a highway and railroad across the Isthmus of Tehuantepec, but the area itself has no good connections with the rest of Mexico. Many prospective mining or potential agricultural areas are undeveloped because they are accessible only by burro. Mexico's economic and war potential, as well as social and cultural development, are seriously retarded by the lack of adequate transportation facilities.

(2) **Communications.**
Telephone. The two telephone systems in Mexico, *Cia. Mexicana* (IT and T subsidiary) and *Ericsson* (formerly held by Swedish interests and now directed by Axel Wenner-Gren, former black-listed Nazi sympathizer) were merged in July 1950 to form *Cia. Consolidada de Teléfonos de México*, and domestic service is much more efficient than formerly. There are telephone connections with most of the major foreign countries.

Telegraph and Cable. Domestic telegraph service in Mexico has been a government function for years, in line with the Mexican policy of nationalization of public services. Effective 1 July 1949, concessions to Western Union and other private companies to handle foreign telegraph and cable services have been cancelled, and such services will be performed by the Mexican Government.

Radio. There is an extensive radio network in Mexico with commercial, news, and government stations. The disagreeable feature of Mexican radio stations is their almost continual interference with US border stations.

e. Money and Banking.

(1) Money.

The monetary unit is the peso. Successive devaluations have changed its value from 2 to the dollar following the first World War to 8.65 currently. Stabilization at the new parity has, at least temporarily, reversed the downward trend in reserves of foreign exchange and gold; consequently, the rate is likely to remain stabilized at 8.65 during the immediate future.

The quantity of money in circulation increased six-fold from 1937 to 1945, remained approximately constant at about 3,500 million pesos until 1948, and increased to above 4,500 million pesos in mid-1950.

(2) Banking.

The *Banco de México, S.A.*, was created as the central bank by the law of 25 August 1925, in accordance with provisions of the Constitution of 1917. Its capitalization is 50 million pesos. Its functions are as follows: to regulate the coinage of money, printing of bank notes, and disposition of foreign exchange; to operate as a reserve bank and clearing house for affiliated institutions; to maintain reserves required for expressed purposes; to revise resolutions of the National Banking Commission insofar as they affect operations of the Bank; to act as fiscal agent of the Federal Government in operations involving foreign and domestic credit and attention to public projects; to handle the treasury service of the government and its guarantee in the International Monetary Fund and International Bank for Reconstruction and Development.

On 31 December 1948 the total number of credit and auxiliary institutions in Mexico was 331 main offices with 448 branches and agencies. National banking offers very little competition to private credit institutions, since it operates in fields normally shunned by the latter, such as in promotion of agriculture, investment in public works and housing, initiation of industrial enterprises not attractive to private initiative, financing imports and purchasing surplus crops, and encouragement of individual savings accounts.

The Mexican Government exerts strict control over banking institutions in the country. Not only all gold and foreign exchange but

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also silver operations of all banks are subject to regulation by the Bank of Mexico. The government determines for private institutions: (1) minimum capital required; (2) limitations on loans and investments by type of enterprise (real estate, agriculture, industry, commerce); (3) percentage margins of resources available for loans and investments; and (4) requirements for deposit of percentage of liabilities in central bank. The opening and functioning of deposit banks are subject to regulations of the Ministry of Finance. Organization statutes of clearing houses where the Bank of Mexico has no branch must be approved by the National Banking Commission.

Interest rates, as in all Latin America, are high. Rates to first class enterprises were 7½ percent to 8 percent in 1948, while less well-known companies pay from 12 percent to 14 percent. Private lenders may charge up to 35 percent per annum. The money market, nevertheless, is the tightest in the country's history, for the supply of money available for credit purposes is far below demand.

(3) Government Finance.

At the beginning of the Alemán administration in December 1946, Lic. Ramón Beteta, the new Minister of Finance, outlined a comprehensive financial policy, based on soundly conceived measures. The policies have not been successful, however, in stemming inflation largely because the government has not curbed expenses, has not successfully restricted credit, and has not controlled dishonest practices on the part of the fiscal administration.

Government Revenues and Expenditures. Mexico for the first time in recent years sustained a budgetary surplus in 1949. Budgets for selected years are presented in the following table:

(Thousands of Pesos)			
Year	Revenues	Expenditures	Balance (+or-)
1940	577,004	631,544	- 54,540
1944	1,295,338	1,453,334	-157,996
1947	1,683,000	1,803,000	-120,000
1948	2,154,600	2,302,600	-148,000
1949	3,061,300	2,941,000	+120,900
1950	2,748,000	2,746,000	+2,000

¹ 1949 budget is end-of-year estimate.

Of Mexico's total federal budget of expenditures for 1950, 22 percent was allocated to public debt, over 17 percent to communications, approximately 10 percent each to National Defense, Public Education, and Hydraulic Resources, and approximately 5 percent each to miscellaneous, Public Health, and Investments. The remaining 15 percent was allocated to fourteen other departments, the more important being Finance, Marine, Agriculture, Foreign Relations, and National Economy.

Leading revenue sources are (in estimated order of importance) income taxes, export taxes, including the 15 percent surtax, import duties, and taxes on business. Mining production taxes also constitute a substantial item in government revenues.

Taxes for state and municipal expenditures are often levied as duplicates of the federal taxes. The fault most commonly found in the present fiscal system is the multiplicity of taxes. Down through each succeeding federal, local, and municipal administration, in order to meet the needs of the public treasury, new taxes have been gradually added which were to have been temporary but which have become indefinitely rooted in the fiscal system. As a result of the complexity of the tax structure, high collection costs make many taxes actually unprofitable for the government.

Public Debt. Mexico's funded internal debt has increased from 976.5 million pesos in 1943 to 1,960.2 million in 1949, largely the result of deficit financing by the government. Funded external debt decreased from 328.0 million pesos in 1943 to 225.4 million in 1949.¹ Funded internal debt of the States and Department of the Federal District, which is guaranteed by the Federal government, totalled 35.1 million pesos in 1949.

Floating internal debt increased from 69.1 million pesos in 1943 to 226.5 million in 1949. The 1949 floating external debt totalled \$US 127.8 million, plus insignificant amounts in other currencies. Completion of the agreement to cover expropriation claims of British

¹ This does not include the settlement of the railway debt as agreed upon between the Mexican Government and the International Committee of Bankers on Mexico on 24 November 1949 declared operative 2 March 1950.

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petroleum interests caused the external debt to jump from \$US 25.6 million in 1946 to almost \$US 150 million in 1947.

The above amounts do not include Spanish claims for damages during the revolution, or the railway debt which cannot be registered until liquidation proceedings are terminated.

Mexico was in partial or complete default on its funded and assumed external debt obligations from 1914 to 1942. According to the Agreement of 5 November 1942, the dollar debt was reduced to pesos at the rate of one to one, so that the funded external debt of 230.6 million pesos (due in various currencies) was written down to 47.5 million pesos, of which half was considered enemy property and not eligible for payment. In recent years Mexico has serviced its public debt regularly, allocating 22 percent of its 1950 federal budget of expenditures for this purpose.

f. International Trade and Finance.

(1) Government Trade Policies.

In addition to a complex system of internal control, the Mexican Government maintains many controls over foreign trade, with various objectives, including the protection of domestic industries, promotion of industrialization, raising of revenues by customs duties on both imports and exports, and control of strategic raw materials. Furthermore, since July 1947 Mexico has prohibited imports of luxury and semi-luxury goods by statutory restriction, more to save dollars than to protect domestic industry. Despite the extensive control exerted over the economic system by the Mexican Government, and the shortage of dollar exchange, Mexico is one of the few countries of the world which have not adopted exchange control.

Historically the Mexican customs tariff has been primarily a fiscal instrument, the total of import and export duties in 1947 accounting for 23 percent of the total federal revenues. In recent years, however, increasing emphasis has been placed on protection, particularly for the benefit of newly established manufacturing industries.

Mexico's attitude in this respect was evident at the ITO Conference in Havana in January of 1948, when Mexican delegates opposed the

general lowering of tariff barriers by multilateral agreement.

(2) Trade Agreements.

The same nationalistic spirit which prompted Mexican delegates to Havana to oppose general lowering of tariff barriers was largely responsible for the inability of Mexican and US negotiating teams to reach an agreement, and the US-Mexican trade agreement was denounced effective at the end of 1950.

Mexico has since the end of the war concluded a trade agreement with Canada and a compensation agreement with Czechoslovakia. Commercial *modi vivendi* have been extended with Chile and El Salvador, and most-favored-nations trade agreements signed with Guatemala, Italy and Czechoslovakia. Consideration has been given to establishment of commercial agreements with various other countries. Barter agreements as a means for Mexico to augment its foreign trade have assumed considerable importance, particularly with Europe, whereby necessary imports can be secured without further expenditure of dollar reserves.

(3) Pattern of International Trade.

During and since World War II, Mexico has ranked third in Latin America in value of total foreign trade and since 1946 it has ranked first in Latin America as a purchaser of US goods.

No accurate figures are available for Mexican imports or exports. Official Mexican import statistics cannot be relied upon, since they do not account for: (a) contraband imports valued at about \$48 million annually for commodities used in Mexico (excluding arms and ammunition for transshipments for various revolutionary movements); (b) imports through the customs free zones of Baja California and various border cities; (c) imports by official, semi-official, or military government agencies, such as purchases of railway equipment by the National Railways, petroleum machinery and equipment by Pemex, and arms and ammunition for the Mexican armed forces; and (d) undervaluation of imports to evade duties assessed on an ad valorem basis. Although there is no clear indication of the degree of inaccuracy of Mexican import statistics, US statistics show that Mexico

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imported \$511.4 million worth of goods from the US in 1948, whereas Mexican figures indicate (at an average exchange rate for the year of 5.8 pesos per dollar) imports of only \$441.4 million. In 1949 US imports from Mexico totalled \$244 million and US exports to Mexico were valued at \$462.4 million. Both US and Mexican figures would be exclusive of certain contraband not licensed for export by the US. It has furthermore been discovered that Mexican statistics on imports from the US also included some from Canada and other countries.

Export statistics are also considered inaccurate, for the following principal reasons: (a) contraband exports from Mexico are not included; these are particularly significant in the case of narcotics and gold; (b) undervaluation of merchandise is practiced by all classes of exporters to evade export duties and taxes.

According to US statistics, the following items constitute Mexico's principal imports from the US, in order listed: machinery and vehicles, 44 percent; metals and manufactures, 11 percent; foods, 9 percent; chemicals and pharmaceuticals, 7 percent; gasoline and petroleum products, 2 percent; paper and paper products, 2 percent; cotton manufactures, 2 percent; synthetic fibers and manufactures, 2 percent; and all others, 10 percent.

Likewise, Mexico's principal exports to the US appear to be as follows: metals and minerals, 38 percent (in order of value: lead, copper, zinc, crude petroleum and fuel oil, antimony ore, and others); food products and beverages, 35 percent; sisal and henequen, 7 percent; crude chicle, 2 percent; vegetable oils and oil seeds, inedible, 2 percent; soft pine lumber, 4 percent; and all others, 12 percent.

(4) Trends in Foreign Trade.

As Mexico increases its agricultural production, exports are increasing in pineapples, rice, garbanzos, fresh vegetables, flaxseed, and vegetable oils. The building of manufacturing and processing plants is also contributing to exports of cotton textiles instead of raw cotton, canned and frozen meat instead of cattle, and canned fish and vegetables. Mexico hopes to improve its balance of trade by increased exploitation of petroleum resources with the aid of development contracts with private companies.

Mexico's growing agriculture and industry have been changing the pattern of imports. The construction of hundreds of chemical plants has substantially reduced Mexican demand for imported chemicals while the requirement that automobiles be assembled in the country has changed the importation from vehicles to parts. Mexico has in the past few years changed from a sugar-importing to an exporting country, and demands for other food imports, primarily wheat, have been reduced substantially under the agricultural development program. Efforts to attain self-sufficiency in some commodities have augmented import requirements of others, particularly of machinery from the US for agriculture, industry, irrigation and electrification, highway construction, railroads and port works—all of which are expensive for a country which is trying to build industry from the ground up.

(5) Contraband Trade.

A factor in Mexico's foreign trade, which has assumed an imposing role for its political as well as its economic significance, is that of contraband. Smuggling has been a constant problem of border officials since long before the present economic difficulties, and has only been enhanced by Mexico's prohibition on some imports and high duties on others. Commercial imports of military arms and ammunition, long prohibited, have continued clandestinely by air, automobile, and ship. The illegal traffic in arms has increased considerably in recent months and now includes contraband aircraft and parts. It is believed that pressure in various parts of the world to secure US arms has made Mexico the logical go-between for Central American and Caribbean revolutionary activities as well as for Mexico's own latent revolutionary groups. Commercial importation of specified "sporting" arms and ammunition is legal, but is regulated by the government. To the arms traffic there has now been added a big business in luxury goods. There seems to be no satisfactory solution to the basic problem presented by the widespread corruption in the issuance of Mexican import and export licenses and in the administration of Mexican customs laws and regulations.

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There is a certain amount of contraband out of Mexico, but the volume is believed to be negligible except in the case of narcotics, silver and gold. Gold is smuggled to Cuba, Spain, and Argentina, where there is the greatest demand, but the narcotics traffic goes almost entirely to the US. Vast fields in north-western Mexico are devoted entirely to raising opium poppies. Processing plants for production of heroin and morphine, and landing strips to facilitate air smuggling are scattered along the border. Even though Mexico and the US have a joint informal agreement to suppress the traffic, and even though Mexican officials, in accordance with a resolution adopted at ECOSOC in 1947, have conducted anti-narcotics campaigns, the traffic still thrives. It is not believed that much can be done within Mexico to end the illicit drug trade, particularly in view of the fact that Mexican officials in various positions, from the police to presidential advisers, are profiting substantially as long as it continues.

(6) *Balance of International Payments.*

The only apparent manner of determining the extent of imbalance is by investigation of reserves of the Bank of Mexico in gold, silver, and foreign exchange. The following table indicates total official holdings of the central bank and the government since the end of the war:

End of Month		Gold Holdings (Valued at \$35 per ounce)	Silver Holdings	Foreign Exchange Holdings	Total
			(Millions of US dollars)		
June	1945	228.6	5.3	97.4	331.3
December	1945	292.5	26.0	50.5	369.0
June	1946	233.2	34.8	42.9	310.9
December	1946	180.0	39.4	43.3	262.7
June	1947	130.3	35.2	41.9	207.4
December	1947	100.4	29.0	13.3	142.7
December	1948	41.7	35.2	22.5	99.4
January	1949	41.3	39.6	17.4	98.3
June	1949	31.5	24.0	23.3	78.8
June	1950	70.9	32.3	27.1	130.3 ¹
August	1950	94.9	29.7	78.4	203.0 ¹

¹ Less obligations of \$20.1 million. Total reserves on 26 August 1950 were \$203.1 million, less obligations of \$14.9 million, a new peak since stabilization of the peso. Excess reserves after coverage of legal metallic reserve requirement and foreign exchange obligations on 26 August totalled \$83.6 million.

The reserves as of 30 June 1949 were required in entirety as backing for the currency. Reserves are believed to have been below the legal minimum throughout at least the first half of 1949.

It is to be noted that reserves declined to a greater extent in the latter half of 1947, after imposition of severe import restrictions, than they had during the first half of the year. The \$54.7 million decline in total reserves during the last half of 1947 would have been greater by \$42.5 million but for loans of \$20 million from the US Stabilization Fund and \$22.5 million from the International Monetary Fund.

During 1948 and 1949 a continuation of smuggling and heavy imports and payments made on foreign debt further reduced reserves.¹ Since the low-point of postwar reserves in June 1949, the net reserves have tripled and in addition the Bank of Mexico has repaid \$37 million under the US-Mexican Stabilization Agreement.

(7) *Foreign Investments in Mexico.*

The Bank of Mexico in a study of foreign direct investment in 443 enterprises during

¹ These were the result of official disregard of import controls, coupled with a decrease in exports and flight of capital occasioned by mass panic over the nation's financial situation.

the period 1940-1949, 70 per cent of the investment in Mexico had been in transportation, distribution, and other services, with a general decline in investment in manufacturing and agriculture.

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the period 1938-1945 (believed to cover about 70 percent of total direct foreign investment in Mexico) reveals that 80 percent of the total had been channeled to public services, transportation, and mining. Manufacturing and distributive undertakings have been acquiring a greater relative importance in recent years, however. Sixty percent of total foreign investment was US capital, with Canada, Eng-

land, France, Sweden, and Spain following in order of importance. The flow of additional US capital into Mexican enterprises since the end of the war has probably substantially increased the proportionate holding of US interest. The value of total foreign investments in Mexico in 1943 was approximately \$US 750 million (latest figures available).

CHAPTER IV

FOREIGN AFFAIRS

1. Genesis of Present Foreign Policy.

Historically, Mexico's foreign policy is essentially that of its relations with the US. The continental expansion of the US, which was at its most intense stage in the early years of Mexico's political development, constituted a definite and prolonged threat to Mexico and gave rise to the latter's defensive policy. Fear of aggression and economic domination by the US have traditionally governed Mexico's relations with the US and have also influenced its policy toward other foreign countries to a considerable degree.

The early establishment of diplomatic relations with other Hispanic nations was motivated primarily by this fear, although it was strengthened by a common political and cultural heritage as well as by a common desire to form a strong alliance to safeguard their independence against European domination. These factors persisted as Mexico developed and its foreign policy matured, giving rise, as a result, to some of the principles (still maintained by Mexico) which were apparently anti-US.

Since the 1920's fear and suspicion have gradually given way to cooperation and respect. Although the relations between Mexico and the US have not always been cordial, progress toward the establishment, by international action, of the principles of equality, freedom, and individual rights of nations, has been steady. Mexico's vigorous advocacy of the principle of non-intervention is the result of a long series of diplomatic controversies with the US arising out of US diplomatic and armed interventions in Mexico and in the other Latin American areas. Mexico, frequently supported by the other Latin American governments, has persistently opposed intervention at all international policy-making assemblages: the US policy of intervention was challenged at the Havana

Conference of 1928, the Montevideo meeting of 1933, and the Buenos Aires Conference of 1936. President Roosevelt's declaration of non-intervention in 1936, coupled with previous evidences of improved relations, did much to allay the fears of Mexico and of Latin America generally, and it established non-intervention as a principle of Western Hemisphere relations.

The abolition of colonial possessions in the Western Hemisphere has been supported by Mexico since the promulgation of the Monroe Doctrine in 1823. Consistent with this tradition, Mexico has, in more recent years, supported in principle those American states involved in controversy over the ownership of the Falkland Islands, Antarctica, and British Honduras, recommending arbitration and conciliation as a just and peaceful means of settling these matters.

One of the strongest supporters of the policy of asylum, Mexico has traditionally opened its embassies and legations to important foreign political figures, thereby occasionally antagonizing friendly governments. Another facet of Mexico's policy of asylum is its liberal attitude toward the admission of political exiles representing various tendencies provided they refrain from engaging in political activities while in the country.

The basic norm of Mexican policy on the question of recognition of foreign governments is the Estrada Doctrine, formulated in 1930 by Foreign Minister Genaro Estrada. This doctrine emphasizes that diplomatic representations are accredited to a state rather than to a particular government. It stipulates that a change of government in another country, even if effected by revolutionary or illegal means, does not constitute *per se* the basis for granting or withdrawing recognition, thereby implying approval or disapproval of the new government.

2. Foreign Relations.

a. *The United States.*

The Good Neighbor Policy has done much to allay fears, suspicions and animosities which, though latent, still persist. Amity and cooperation characterized the relations between Mexico and the US during World War II, highlighted by President Roosevelt's visit to the city of Monterrey in 1943. Immediately after the Japanese attack on Pearl Harbor, Mexico broke relations with the Axis powers and in June 1942, entered the war on the side of the US and its allies. Mexican military participation in the war was limited to an air squadron sent to the Pacific. Mexican citizens residing in the US, however, volunteered military service, bringing a total of approximately 15,000 Mexicans serving in the US Armed Forces. Mexico's greatest contribution to the war effort was strategic raw materials to the US and over 300,000 laborers to relieve the manpower shortage in the US.

In the postwar period, relations have remained cordial. Mexico is definitely committed to a program of Hemisphere defense and continental solidarity. Its role in the establishment of the Inter-American System has been significant and Mexican support of the program of inter-American military cooperation no less so. At the Pan American Conferences during and after the war, Mexico has taken a prominent part in supporting the US policy to consolidate Hemisphere defense. In addition, the Mexican Foreign Office has officially pronounced support of the US stand on the North Atlantic Pact. The Marshall Plan is also viewed by Mexico as an important measure in bringing about the defense of the European nations against further Communist expansion. Mexico's contribution to this program of economic rehabilitation is in agricultural goods. It is accompanied, however, by a plea for continued US economic assistance to the Latin American nations which are still undeveloped industrially.

Unsettled issues between Mexico and the US are primarily economic (see Chapter III, pp. 21-43). Aside from these are minor territorial and boundary disputes. Ownership of nine islands off the California Coast between San Diego and Santa Barbara and not included in

the terms of the Treaty of Guadalupe Hidalgo is occasionally claimed by the Mexican nationalist press. It is not believed probable, however, that Mexico will press the issue after so many years and with so many other vital affairs requiring greater attention. The land known as the Chamizal has long been under dispute because of a shift in the channel of the Río Grande between El Paso and Ciudad Juárez on the Texas border in the 1880's. The question was placed before an international commission of arbitration and a decision favorable to Mexico was rendered but no action was ever taken by the US to return the land. As recently as 1947, when President Truman visited Mexico, there was speculation in Mexican newspapers as to whether the matter would be discussed. Mexico continues to claim the Chamizal, and although it is not believed likely that it will ever press this claim to the point of causing any serious impairment of relations, its settlement in accordance with the arbitration cited above would be regarded with considerable favor in Mexico.

b. *Argentina.*

A well-planned campaign by the Perón Government to win Mexican friendship, and a half-hearted reception of these overtures on the part of Mexico have characterized Mexican-Argentine relations in recent years. Mexico in general and Mexican officialdom in particular do not feel as friendly toward the Argentine people as they do toward other Latin American peoples.

An aspect of nationalism in both countries is a fear of US political and economic domination. Although less pronounced between Mexico and Argentina than between Mexico and some other Latin American countries, there are cultural ties in which the work of the Argentine Cultural Institute in Mexico plays a significant role. Not only is this work carried out by the Argentine Embassy staff, but it is supported and strengthened by Mexican intellectuals who favor a closer relationship of the two countries. To augment Argentine leadership and lessen US influence, Argentina has attempted to create a Latin American "third position" labor bloc opposed to both "capitalist and Communist imperialisms." To implement its proposals for close

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c. *Spain.*

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economic ties, Argentina has also offered Mexico special credits for the purchase of goods.

However, President Perón's efforts to win the support of Mexican labor leaders in any "third position" labor bloc have been fruitless. President Alemán has not shown any willingness to support such a move. In addition Perón himself is now shifting in his emphasis of the "third position" from the foreign to the domestic sphere.

Argentina has spent considerable sums of money in Mexico for propaganda purposes and has made strong efforts to align Mexico in a "Latin American" bloc with political and economic ties strong enough to resist US domination. Mexico, ever sensitive to appeals for cultural unity, has not openly repudiated these advances, but has adroitly directed them toward the "Pan American" and "continental solidarity" ideal. It is not believed that Mexico would accept any proposal that might conflict with the Hemisphere solidarity and defense program.

c. Spain.

Mexico has never maintained diplomatic relations with the Franco regime, although commercial and cultural relations have not been altogether severed. Shipping and commercial air travel are receiving increased impetus every day as is private business. Widespread trade between Spain and Mexico, however, will probably not take place because Spain, lacking dollars, would prefer an exchange of goods and there is not a large enough demand in Mexico for the goods that Spain could supply.

Cultural relations have been maintained primarily through the efforts of Mexican admirers of Spanish culture as well as of sympathizers for Franco's ideology. The cultural concept of *Hispanidad*—the ties of blood, language, and religion which bind together all peoples of Hispanic culture—has existed for many years in Mexico as in other Latin American countries. The Franco Government, however, has capitalized on this ethnic affinity to promote certain political and religious characteristics of its Latin American policy. During World War II, Franco carefully supervised the promotion of a fascist political program for all Hispanic countries through the *Consejo de*

Hispanidad, an official government department. The defeat of the fascist powers and the inability to continue financing the program resulted in a change of tactics. The *Consejo de Hispanidad* was immediately supplanted by the *Instituto de Cultura Hispánica*. This organization fosters a program of cultural exchange, but, under the cloak of cultural activity, still maintains very much the same political program that was directed during the war by the *Consejo de Hispanidad*. Certain Catholic political elements in Mexico such as the PAN (*Partido de Acción Nacional*) and the UNS (*Unión Nacional Sinarquista*) lend themselves willingly and are able to carry out the Institute's program locally through a branch established in Mexico during the visit of the director of the Spanish Institute. The success of previous Falange activity in Mexico as well as the close connection between the UNS and the Falange are evidenced by the trip to Spain in 1948 of a former UNS National Chief for the purpose of studying Falange tactics.

Mexicans who uphold the present official position on the matter of recognition view with alarm every evidence of acceptance by any sector of the Mexican population of this Spanish program. Consequently, the Mexican Foreign Office has often and pointedly reiterated its policy of non-recognition of Franco Spain and has opposed inclusion of Spain in the United Nations, ECA, or the North Atlantic Pact. On the other hand, the Mexican Government does not frown on cultural or private business relations with Spain. Moreover, the concept of *Hispanidad*, in its purely cultural aspects, continues to bring Spain and Mexico together.

Mexico accorded early recognition to the Spanish Government-in-exile and permitted the establishment of its official headquarters in Mexican territory. It also served as a haven for countless Republican refugees. Although Mexico has officially and unofficially favored this government, the Communistic orientation of many Spanish Republicans has dampened Mexican ardor especially now that the Mexican Government has shown a tendency to move to the right. This does not mean, however, a reversal of Mexican policy

on Spain; Mexico still favors the overthrow of the Franco regime.

d. *The USSR and Satellite Nations.*

Coincident with the promulgation of the Mexican Constitution of 1917, seeking to implement the aims and purposes of the Mexican Revolution, was the Russian Revolution, supposedly aimed at combatting the same political and economic ills. Although relations were never particularly close or cordial, the two revolutionary governments maintained diplomatic relations until 1930 when Mexico outlawed the Communist Party and broke relations with the Soviet Union. These were not renewed until 1942. Diplomatic relations with Poland, Czechoslovakia, and Yugoslavia have been continued even since these countries have moved into the Soviet orbit of influence.

No diplomatic relations exist with Hungary, Rumania, or Bulgaria and, as far as is known, no action is anticipated in that direction. In 1948 Poland requested official authorization from the Mexican Government to represent Hungarian interests. Although it did express a willingness to recognize the good offices of the Polish Legation or any other mission in case any question should arise, the Mexican Foreign Office refused the request.

Except for a recent expansion in military representation, the staff of the USSR Embassy in Mexico has been reduced since the death of Ambassador Constantin Oumansky in 1945. The embassy staff is withdrawing more and more from social functions, while the satellite legations are becoming increasingly active as instruments for propaganda and subversive activities. Both the Yugoslav and Polish Legations have published bulletins patterned after the USSR Embassy organ and have been closely associated with the leftist *Partido Popular* and with delegates to Communist or Communist-front conferences and meetings. Outstanding for its activity is the Polish Legation, headed by Jan Drohojowsky. Since he is accredited to other countries in Latin America, extensive travel in that area as well as promotion of cultural exchange with Europe have served in establishing international contacts. Entertainments and cultural functions are conducted on a wide scale and have served

to reach artistic and literary sectors of Mexican society as well as political and press leaders.

Political propaganda is maintained by all Communist diplomatic personnel under the guise of cultural and informational activity. The main media are the various cultural institutes and information bulletins. Important also in the dissemination of printed propaganda are the outlets used by the Communist Party, by writers, and by front organizations. For other propaganda purposes, Vicente Lombardo Toledano has served as an excellent liaison with labor and political groups, through his personal influence, control of groups and publications, and the Workers' University. Close liaison is also maintained with foreign Communist Parties and organizations. Not only is the activity limited to contact with established groups, but Communist diplomatic representatives have also been instrumental in forming new groups. An example of this is the *Federación Eslava* (Slav Federation). Its creation was supervised directly by the Soviet Embassy largely through Gita Sten, then in charge of cultural affairs for the Polish Legation. Similarly, the Polish-Mexican Cultural Institute was organized through the efforts of Beata Badad, also of the Polish Legation.

e. *Central America.*

A minimum of immigration barriers as well as the existence of traditional cultural bonds have normally made for cordial if not close international relations between the Central American nations and Mexico. Mexico has traditionally served as a haven for Central American political exiles. In keeping with the policy of asylum, Mexican hospitality has been accorded the late President Argüello of Nicaragua, former President Arnulfo Arias of Panama, and former President and Vice President of Costa Rica, Teodoro and René Picado.

In the past few years, however, Mexico has taken a strong stand against dictatorships to the extent of aiding revolutionary activity against these governments not through official action but, and just as effectively, by failing to prevent such activity within its borders. This activity ranges from arms smuggling to the support of political groups such as the

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Unión Democrática Centro-Americana (Central American Democratic Union), which is actively engaged in fomenting the idea of a Central American Confederation.

Relations with Guatemala have recently suffered as a result of the position taken by Mexico in the Belize question at the Havana meeting of the Commission on Dependent Territories in 1948. The Guatemalan Government asked Mexico's support in its controversy with Great Britain over the ownership of British Honduras just before the Havana Conference. Immediately preceding the Conference, Mexico stated that it favored the liquidation of the colonial system in the Western Hemisphere by peaceful means. It also stated that it would reassert its claim to part of the Belize territory when and if any transfer or change in sovereignty should take place. At the conference Mexico reiterated its position and stressed the limitations on the commission's powers deriving from Resolution 32 of the Bogotá Conference. Relations with Guatemala have also been strained following the detention in Yucatán of Guatemalan planes destined to take part in the attempted revolutionary invasion of the Dominican Republic.

Notwithstanding these particular incidents, Mexico's relations with Central America as a whole have been friendly and mutually beneficial.

1. Great Britain.

Mexican-British relations were severed following the expropriation of foreign oil properties by Mexico in 1938. These were renewed at the beginning of World War II when both countries were committed to the same war program. Since then diplomatic relations have been cordial, and commercial relations have improved. Recent negotiations of a barter agreement can be expected to result in greater commercial activity between the two countries.

Mexican-British relations faced a potential threat in 1948 when Mexico supported Guatemala in the controversy described above involving ownership of British Honduras. The incident, rather than impairing relations with Britain, gave rise to an official Mexican declaration that no Mexican-Guatemalan action against Great Britain was contemplated in

view of the friendly relations existing between Mexico and Britain.

g. The Vatican.

Since the time of Maximilian, Mexico has not maintained formal diplomatic relations with the Vatican. According to latest information, Mexico is the only Latin American country which does not have such relations. The Constitution of 1857 contained provisions apparently objectionable to the Vatican, provisions which, however, were not rigidly enforced until after the revolution of 1910.

3. Participation in International Affairs.

Mexico's advocacy of Hemisphere policy on political, economic, and military matters based on international agreement, is well established. The unilateral interpretation of the Monroe Doctrine, long held by the United States, had continuously given rise to suspicion and anti-US sentiments in Latin America. The gradual supplanting of this interpretation of the Doctrine by a Hemisphere solidarity and cooperation program agreed to, and carried out by, all the American States, has alleviated Latin American tension and made possible the attainment of a complex but workable framework of inter-American relations wherein all issues may be settled jointly.

Of importance in the development of the Inter-American System have been the use of arbitration and conciliation in the settlement of international disputes, the formulation of codes of public and private international law, the establishment of the policy of non-intervention, and the commitment by all to a program of continental solidarity in the face of outside pressures or aggressions. In the discussion of these issues and the formulation of policy, Mexico has been consistently and strongly in support of these measures and has done much toward their incorporation in agreements, contentions, and pacts. In fact, the development of its own foreign policy has been largely determined by progress along these lines in the various inter-American conferences. The guarantee of sovereignty and security to each American nation has been of primary concern to Mexico and has been a determining factor in its stand at these con-

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ferences. Foremost among the contemporary Mexican spokesmen in Hemisphere matters is Ezequiel Padilla, former Foreign Minister who, by his brilliant championing of the cause of Hemisphere unity, contributed in great measure to the success of the Meeting of Foreign Ministers in 1942.

In addition to its position of consequence in Latin America, Mexico has made rapid progress in playing a significant role in world affairs. Basically, its active participation is rooted in the belief that only with a strong international body such as the United Nations can the small nation survive. Consequently, Mexico has been a strong supporter of the UN since its beginning and the contribution of its representative, Ezequiel Padilla, to the initial meeting held in San Francisco was of a high order.

Mexico tends to promote in the international field the same liberal program it has sought to carry out domestically. Through the Revolution of 1910 it sought to eradicate oppression and ignorance. Similarly, in the

conduct of international affairs, it supports those organizations and programs which promote universal freedom, maintenance of peace, and the advancement of educational, scientific, and cultural progress. The outstanding Mexican figure in the United Nations today is Dr. Jaime Torres Bodet, former Minister of Education and of Foreign Affairs, now Director General of UNESCO. Mexico is also represented in the Trusteeship Council, ECOSOC, and in the International Court of Justice. It has held office in ECLA and in other subcommittees and has on several occasions played host to international gatherings.

The Mexican position in international issues is basically similar to that of the United States. In the United Nations and in inter-American organizations, Mexican disagreement with the United States is, for the most part, on matters of operational procedure rather than on policy. There is every reason to believe that Mexico would support any US proposal designed to strengthen these international bodies.

NOTE

The Office of Naval Intelligence dissents in certain aspects of the treatment of Mexican foreign affairs in Chapter IV. It is felt that too great an emphasis has been placed on official declarations of policy, which are sometimes at variance with practice. It is believed that further analysis of underlying Mexican feelings and motives would lend perspective for the evaluation of Mexico's probable future foreign policy.

1. Genesis of

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CHAPTER V

MILITARY SITUATION

1. Genesis of Present Military Policies.

Mexico's traditional military policy has given little or no consideration to foreign affairs, nor to offensive or defensive warfare, but has, instead, directed attention mainly toward the maintenance of internal order. Until World War II, Mexico's armed conflicts against foreign countries (the Wars of Independence against Spain, the Texas Revolution of 1836, the war with the US in 1846-48, and the French intervention in the 1860's) were conducted on Mexican soil and were primarily for the purpose of securing or restoring internal order and national sovereignty. The periodic revolutions, internal disturbances, and threats against the regime in power have contributed to the development of the armed forces as basically police agencies. Although Mexico would be quick to defend its national territory, it has not developed a sense of necessity to prepare for such an eventuality because of its implicit reliance on US military power to protect it from aggression.

Military power has developed in Mexico largely because of basic political considerations. The *caudillos* between the period of independence and the era of Porfirio Díaz rose to power from the *cuartelazos* (barracks revolution) and remained in power until the army supported a new leader. Porfirio Díaz used the army to maintain his dictatorship from 1884 until 1910. After 1910, the army was used by a series of leaders and revolutionaries to effect political change. Since 1930, the army has been used to support the administration, and in return for their support the various top army officers have received political position and prestige.

The policy of the Alemán administration (1946-) has been to eliminate inefficient and incompetent officers from the army and to constitute it into a non-political, professional military organization. Another mili-

tary policy of recent origin is that of cooperation with the US in Hemisphere defense plans. Successful implementation of these policies would probably not affect the basic role of the army in maintenance of internal security.

2. War Potential.

a. Manpower.

Mexico, with a population of over 25,000,000 has 5,900,000 males of military age, of whom 4,747,400 are presumed fit for service. It is estimated that Mexico has a potential mobilization capacity not in excess of 2 to 2½ million. Because of poor communications, widespread undernourishment, and other factors, however, it is believed that of the total manpower potential, not more than 100,000 could be put in the field and maintained by Mexico alone. With extensive US logistical aid, a force of 500,000 men might be maintained in the field for protracted periods.

Since the conscription program began in 1942, there should now be seven classes of about 12,000 each in the so-called First Reserve of the Army; but not more than 60,000 at best would be immediately available.

The Mexican Army has had an average strength of approximately 50,000 volunteers plus 11,000 or 12,000 conscripts annually from 1943 to January 1949. At that time the conscription system was revised to provide a basis for more complete mobilization of manpower with a resultant decrease in regular army strength. Under the present system, no conscripts are inducted into the regular army, but instead the eligible 18-year-olds are required to report to reserve units organized near their homes for one year of training for four hours each Sunday. Approximately 80,000 are participating in the program at present. They are not quartered or fed, are meagerly equipped, and receive only an introduction to military training. This Sunday train-

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ing is devoted to marching and drill, personal hygiene, and literacy classes. The strength of the regular army is maintained at approximately 48,000, third largest in Latin America (Brazil and Argentina are first and second). Navy strength averages 4,000 officers and men, and air force strength averages 3,000 officers and men. The untrained portion of the total mobilization pool would be of little military value. Likewise, a great portion of the conscripts would be of little immediate military value, since only a small portion of time and effort is devoted to tactical and other professional training.

b. Natural Resources. (See also Chapter III, Section 2 b, pp. 26-33.)

The Mexican munitions industry relies entirely on domestic raw materials with the exception of sulphur and special steel from the US, nitrates from Chile, and copper from a US plant which refines Mexican ore. Furthermore, Mexican mineral resources could sustain a substantial military industry. Limiting factors would be the lack of coal and electric power (now in the process of development), capital, trained manpower, and transportation.

Mexico is essentially self-sufficient in major food items with the exception of wheat, dairy products, and lard; also in cotton textiles, clothing and shoes, but it must import wool and rayon fibers.

Most Mexican mines are relatively invulnerable to ground, sea, or air attack, being in scattered locations in the interior mountainous regions. The petroleum fields and refineries are fairly vulnerable, the more important ones being located along the eastern seacoast. Both mining and petroleum are vulnerable to sabotage by enemy agents or native elements in the Communist-dominated labor unions.

c. Industry. (See also Chapter III, Section 2 c, pp. 33-36.)

The production of light arms and ammunition, already adequate for the needs of the army, is currently being expanded. Production goal for rifles has been set at 30,000 per year by the Department of Military Industry. A survey conducted by a US arms manufacturer at the request of the Mexican govern-

ment indicates that an outlay of \$200,000 for drilling, broading and rifling machinery and improvements in production techniques would raise rifle production capacity well over 30,000 per year, the present production goal. There are only a few Mexican manufacturing industries capable of converting to the production of military articles, and these only for the production of minor items of equipment, although it is possible that the automobile assembly plants in the country could convert to the assembly of military vehicles and aircraft.

Mexico has sufficient textile-manufacturing and food-processing plants to supply its own needs; and, in fact, most army clothing and food are domestically produced. Specialized engineering and signal equipment, fire-control equipment, artillery, vehicles, naval vessels, aircraft and parts are now and probably will continue to be imported.

The concentration of military industry in the vicinity of Mexico City would make this area particularly vulnerable to air attack. Industry is probably most vulnerable to sabotage by foreign or native elements, although such acts are more likely to be aimed at crippling production of petroleum, minerals and metals which are important to the US military industry, than at Mexican manufacturing industry.

d. Science.

Mexico's capabilities in the field of scientific warfare are extremely limited. There are only two institutions of higher education offering advanced courses in some phase of science the National University of Mexico and the Polytechnic Institute near Mexico City; however, limitations in library and laboratory facilities preclude their utilization for original research. There are no private institutions conducting research in electronics, physics, biological, or chemical warfare; and the Mexican Government has done little financially or otherwise to advance science. Most Mexican students of science go abroad for study; for example, the three outstanding Mexican personalities engaged in nuclear physics research, Manuel Sandoval Vallarta, Nabor Carrillo Flores, and Carlos Graef Fernández, all studied in the US. Any Mexican scientific equipment will probably come from the US

or other major known to have states, but some be of great importance no attempts

e. Finance

Mexico's financial 1948 and 1949 for military expenditures

Military Budget Expenditures

Army
Navy
Air
Other

Conversion

Included in Military income available.)

In view of the Mexican Army, appropriations ever, the Mexican would not permit military expenditure commitment that any available channelled in increasing the national security power or sub made in contrast defense should expenditures longed war economy nor outside.

3. Basic Military

a. Mission

In line with military policy the Mexican

or other major industrial nations. Mexico is known to have deposits of uranium in several states, but such deposits are not believed to be of great importance, and there have been no attempts at exploitation.

e. Finance.

Mexico's federal budget of expenditures for 1948 and 1949 made the following provision for military expenditures:

Military Budget Expenditures	Fiscal Year Beginning 1 January 1949			Fiscal Year Beginning 1 January 1948		
	Millions of Pesos	Equivalent in US Dollars ¹	% of Govt. Expenditure	Pesos Millions of	Equivalent in US Dollars ¹	% of Govt. Expenditure
Army	262.0	37.4	10.3	240.0	42.1	10.4
Navy	69.3	9.9	2.7	70.5	12.4	3.1
Air ²						
Other ³	18.2	2.6	0.7	17.3	3.0	0.8
	349.5	49.9	13.7	327.8	57.5	14.2

¹ Conversion rate: 1949: at 7.00 pesos=\$1.

1948: { 7 mo. at 4.86 pesos per dollar
5 mo. at 6.88 pesos per dollar } or 5.70 average.

² Included in army.

³ Military industry. (Some military education may be included under Ministry of Education. Figures not available.)

In view of the political influence of the Mexican Army, it is not believed that army appropriations will be severely curtailed. However, the Mexican economic situation probably would not permit any great increase in military expenditures. Mexico has sufficient debt commitments and plans for industrialization that any available funds would probably be channelled in such directions rather than for increasing the military force unless either national security were threatened by a foreign power or subversive elements, or commitments made in connection with plans for Hemisphere defense should necessitate increased military expenditures. Mexico could not wage a prolonged war without disrupting the national economy nor without financial assistance from outside.

3. Basic Military Policies and Practices.

a. Mission.

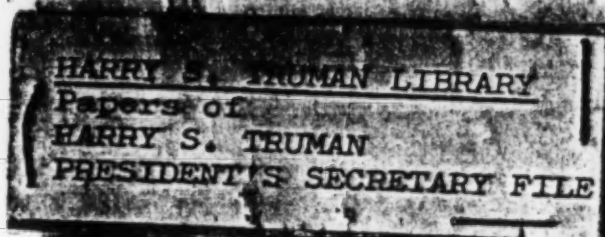
In line with the development of Mexican military policies, discussed in Section 1 above, the Mexican armed forces may be considered

to have the following primary mission: (1) maintenance of internal order; (2) defense of national territories and waters against aggression or encroachment by foreign powers; (3) cooperation with the American states in plans for Hemisphere defense. The military forces' secondary mission is deemed to be: (1) the increase of literacy in rural and backward areas; (2) implementation of specified government

projects, such as the foot-and-mouth disease campaign and certain public works projects.

b. Political Activities.

The role of the army as a political pressure group antedates the Revolution of 1910 by a full century, during which time the leaders of the country were made or broken by military power. The ascendancy of the army to genuine political consciousness, as opposed to the plots and intrigues of leaders during the nineteenth century, came with the Revolution of 1910, when the revolutionary army liberated the Mexican people from the dictator Diaz, and has considered that its duty since that time has been the implementation of revolutionary policies and ideals. President Alemán, elected in 1946, is the first President of Mexico since 1910 who was not an active participant in the Revolution. The military has also been in control of some cabinet posts and other administrative positions in government, as well as of numerous seats in both houses of Congress until the present administration.



It is not believed that the army is entirely satisfied with the minor political role to which it has been relegated by the Alemán administration, and that it will engage in considerable political maneuvering before the election of 1952 within and outside the PRI in order to recoup its political losses.

c. General Military Organization.

The President of Mexico is Commander in Chief of the armed forces. He exercises control through the Secretary of National Defense and the Secretary of Navy (controlling the navy and merchant marine), both of whom are cabinet officers. The President in his capacity as Commander in Chief is assisted by a small body of officers known as the *Estado Mayor Presidencial* or Presidential General Staff. The Secretary of National Defense, a military man, commands the Army and Air Force directly with the assistance of a General Staff, while the Secretary of Navy exercises control through a Director General.

Since 1 January 1941 separate departments have been established, in which a Secretary of National Defense controls the army and air force, and a Secretary of the Navy controls the navy and merchant marine. As a result of the greater military responsibilities thrust upon the President during the war emergency, a Presidential General Staff was created on 12 January 1942. In January 1943 the functions of the *Estado Mayor General* were greatly broadened, and the staff itself was reorganized and expanded. It thus became the General Staff of the Army, replacing almost entirely the old *Dirección Técnica*.

d. Recruitment.

Conscription has been in effect since early 1943 under provision of the Military Service Law of 1942. The law makes one year of military service obligatory for all males who are physically fit, but it is not universally applied. Mexico from 1942 to January 1949 had annual conscription of between 11,000 and 12,000 of the 250,000 men who reach military age annually. In January 1949 the conscription system was revised and those eligible are placed in reserve units and required to receive four hours of military instruction each Sunday for 50 Sundays. Approximately 80,000 of the class of 1931 are presently receiving in-

struction and approximately 60,000 were involved in 1949.

The law provides that, following training conscripts will form part of the First Reserve until age 30, the Second Reserve until age 40 and the National Guard until age 45. Actually the law has never been implemented, so that there is a very loosely organized reserve of some 75,000 officers and men but no adequate system of refresher and reserve training. The navy and air force consist entirely of volunteers who enlist for three-year terms. The navy has no organized reserve of either officers or enlisted personnel. A reserve-officer pool of about 435 is provided by the merchant marine. There is an air force reserve of approximately 75 pilots, most of whom are employed on flying duty with commercial airlines.

e. Armed Forces Personnel.

Until the reorganization of the Mexican Army in 1920, officer personnel had little formal education or technical professional training. Officers generally were products of the revolution, most of them stemming from lower-class rural families and having risen to command purely through their rough but effective qualities of leadership. In recent years, however, considerable improvement has been brought about by the re-establishment of schools and training centers and the setting of higher standards of professional attainment. Thus, there now exists a marked difference in degree of professional military spirit between the younger officers and the "old revolutionary generals." The younger officers, on the whole, are alert, intelligent, well trained, and favor a highly trained modern army, free of political intrigues. The older revolutionary officers, although usually giving lip service to non-political military attitudes, are nevertheless very active in politics and favor strong military influence in the government and country.

The enlisted men of the regular army are generally recruited from the lowest and least privileged classes of the country, except for the relatively few men of somewhat better families inducted under obligatory military service. Although the Mexican soldier is receptive to instruction, his mechanical and

technical aptitudes are deficient. Several deficiencies are not always American and a patriotic stubborn fight. Their ability is physical disability on inadequate training, not satisfactory in the country. The field service troops are makes them and mount thorough deficiencies in the field is impossible to govern seas operations.

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A large number and mechanical and would be comparison and mechanical personnel in intelligent, age families.

f. Training.

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technical aptitudes are low. Aside from these deficiencies, Mexican soldiers are possessed of several redeeming virtues of military value not always found among the other Latin American troops. Given proper leadership and a patriotic cause, they are fearless and stubborn fighters capable of staunch loyalty. Their ability to endure great hardships and physical discomfort over long periods of time on inadequate rations is proverbial and probably not surpassed by troops of any other country. These qualities, plus the extensive field service in rough terrain which Mexican troops are constantly obliged to undergo, makes them ideally suited for rugged jungle and mountain warfare. It is believed that thorough consideration of these psychological deficiencies and strengths of the Mexican soldier is imperative in the formulation of any plan governing Mexico's participation in overseas operations in a possible future war.

Among the high ranking officers of the Mexican Navy there is not much naval ability, most of their experience having been confined to service aboard small naval and merchant vessels with antiquated equipment. On the whole, Mexican naval officers represent a better-than-average cross-section of Mexican life, many coming from the best families. As a rule, they are industrious, loyal, and have a sincere admiration for the US Navy. Most naval enlisted personnel are young and generally of a good type, coming from families of factory workers and artisans. Their state of training is poor, but they do well with the tools given them and are believed to be loyal to their officers.

A large number of Mexican Air Force pilots and mechanics have been trained in the US and would be rated "good" in efficiency in comparison with other Latin American pilots and mechanics. Both officers and enlisted personnel in the Mexican Air Force are young, intelligent, and come from better-than-average families.

f. Training.

Army training is now being directed toward the following objectives: (1) general education of the individual soldier; (2) development of discipline; (3) inculcation of loyalty to the government; (4) uniformity of instruction;

and (5) proper military education of officer personnel. Pre-induction training is conducted in the secondary schools under administration of the Secretary of Education. All cavalry, infantry, and artillery units maintain troop schools for illiterates as well as unit schools for normal military training. The *Escuela Superior de Guerra* is a combined Command and General Staff School and Army War College, offering a three-year course preparatory for service in the General Staff Corps. The *Colegio Militar*, in the Federal District, is the federally operated academy for preparation of second lieutenants in the Regular Army. Military schools of communications, administration, male nurses, and medicine offer specialized training. There is no provision for training the reserve component, although conscripts are kept in reserve status after their period of active duty.

Until recently, the Mexican Navy maintained two naval academies, one at Veracruz and the other at Mazatlán. In 1948 these schools were consolidated into one academy at Veracruz in order to maintain command unity and uniformity of instruction. A new campus for the consolidated naval academy is now under construction at Point Antón Lizardo, near Veracruz. Cadets follow a five-year course at the naval school. Upon completion of this training, the midshipmen are commissioned as ensigns. A special course for marine corps officers was inaugurated at the naval academy in 1943. The former naval academy at Mazatlán is now the seamanship, radio communications, and naval yard school for enlisted personnel. The Fernando Siliceo merchant marine academy is located in Veracruz. The three-year course of study followed is the same as that in the naval school with the exception of courses in military subjects.

Personnel of the Mexican Air Force are trained under an adequate school system composed of the military aviation school for pilots, the military aviation mechanics school, and the military training center for transitional training of pilots prior to their assignment to operational units. Very limited training is conducted in the naval aviation school in Mexico City. No definite concept of aerial warfare has been evolved, training is generally

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of a basic nature, and training operations are rudimentary.

Until World War II, but especially before World War I, the only foreign influence affecting Mexican military thinking to any noteworthy degree was that of the French. This influence paralleled a similar pronounced cultural leaning on the part of the educated elements of the Mexican population toward all things French.

The French influence waned rapidly after the debacle of French arms in 1940, and, as the superiority of American tactics and weapons became more and more obvious during World War II, US influence in military thought became increasingly pronounced.

Mexico has until recently followed a policy of not receiving foreign military missions, and the Joint Mexican-United States Defense Commission has been the only agency in which non-Mexican military members have been accepted. Mexico's recent agreement to accept members of the US Air Force as liaison officers will probably result in a greater influence of US military tactics and doctrine on the Mexican armed forces. A number of Mexican Army and Navy students have been sent to the US for training in the past few years.

Unit training in the Mexican Army is largely devoted to physical training to improve the fitness of the individual, with emphasis being placed on obstacle courses. The physical training program has led to the near exclusion of tactical and technical training in smaller units. However, training in the Infantry Division and the Motor Mechanized Brigade emphasizes US training and tactical methods insofar as equipment and experience permit, and they are rated high in small unit training. No large-scale maneuvers have been held since 1947: however, the larger units in Mexico City occasionally using combined arms conduct exercises which reflect considerable US influence. The Mexican Navy has never held maneuvers with the exception of those in September 1943, which were considered very elementary. The Mexican Air Force is the only branch of service with any combat experience in World War II. However, its subsequent training has neglected to emphasize and to improve upon the lessons learned and

experience gained during this participation in modern war.

g. Mobilization.

The army's mobilization plan calls for: (1) expansion of the infantry division to war strength, augmented by six tactical Air Force squadrons; and (2) creation of three additional infantry divisions at war strength. The Organic Law of 1926 provides for four categories of reserves that may be called into service, but the system of mobilizing has not been announced. Mobilization of manpower would probably follow the course of voluntary enlistment supplemented by conscription. The Chief of the Naval Staff is charged with drawing up organizational plans for mobilization but there is no indication that such plans exist. There is also no indication that Mexico has any plans for economic and industrial mobilization.

h. Fiscal Control.

The Ministries of National Defense and Navy and the Department of Military Industry prepare their annual estimate of expenditures for presentation to the President. The President balances interdepartmental needs within the budget and submits it to the Chamber of Deputies for approval. While theoretically Congress exercises fiscal control over the armed forces, in practice it is usually only a rubber-stamp of presidential recommendations.

i. Logistics.

Supplies for the Mexican Army are procured by the Directorate of *Intendencia* on the basis of requirements submitted by the other Directorates.

Requisitions are sent through the appropriate channels to each of the Directorates.

The army has extremely limited facilities for storage of supplies, with no large general depots and only four arsenals for ordnance materiel and one warehouse for military clothing and equipment in Mexico City. The result is that items are usually procured only when they are necessary for immediate use, and there is a general absence of reserve supplies for troop units away from the Federal District. Medical supplies are stored in limited quantities in the Central Military Hospital.

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Mexico City, and other military hospitals maintain varying stocks of supplies locally. Gasoline and lubricants are stored in tank-car lots only by divisions and the motor-mechanized brigade.

The arms factory and the artillery foundry in Mexico City maintain adequate repair facilities for all classes of arms. Automotive maintenance is poor, since the Mexican Army lacks trained mechanics at every level and suffers from a complete absence of medium and heavy maintenance units.

Army medical treatment is considered only fair by US standards, but good by Mexican civilian standards. The army has no field or evacuation hospitals and, so far as is known, no combat evacuation plan other than in the divisions, which do not have the necessary personnel to carry out the plan effectively.

Most of the navy materiel and supplies are obtained from the US, and stocks of spare parts are small. Fuel oil supplies are adequate along the east coast but extremely limited on the west coast. The navy maintains repair shops at Manzanillo, Acapulco, Salina Cruz, Veracruz, Ciudad del Carmen; supply bases at Manzanillo, Isla Margarita; shipyards at Veracruz, Acapulco, Coatzacoalcas; and naval stations, with limited facilities, at Guaymas, Tampico, Isla de las Mujeres, Coatzacoalcas, Pichilique, and Progreso.

Air force operations are handicapped by a chronic lack of parts and aviation gasoline. All air force supply installations are controlled and operated by the General Supply Depot, Mexico City. This system is considered efficient and adequate. Stockpiles are small because of limited funds, and squadron supply units maintain low stocks.

The center of the railroad network is Mexico City, from which connections can be made with the US, Guatemala, and principal ports and commercial centers of the country (see transportation map in Appendix). However, the poor state of repair and shortage of both motive power and rolling stock hamper rail operations. Furthermore, the railroads are vulnerable to air attack or sabotage at many bridges, tunnels and fills. Mexico depends entirely on railroads to supply troops in the following areas: west coast from Tepic to Her-

mosillo and from Arriaga to Tapachula, Isthmus of Tehuantepec, and the States of Chihuahua and Sonora. Mexico has a fairly extensive road system (see transportation map), although almost all of the roads are limited to seasonal use. Automotive transportation is also generally in poor condition. Since Mexico has an inadequate fleet for coastwise transportation and lacks adequate coastal defense under current conditions, water transportation would be of limited significance.

j. *Intelligence and Counter-Intelligence.*

Intelligence activities of the Mexican armed forces have been sharply curtailed during the past two years. Early in 1949, the Mexican Ministry of National Defense recalled all military attachés abroad with the exception of the one in Washington, and it is reported that all military attaché posts will be closed with the exception of Washington, London, and Paris. Primarily an economy measure, it also indicates Mexico's declining interest in military intelligence. Mexico has not previously maintained naval attachés in any posts except Buenos Aires, Ottawa, Paris, London, and Washington, and the attaché in Ottawa has now been recalled.

Mexico has a number of internal intelligence and counter-intelligence organizations, most of which also perform police functions. These include: (1) the military intelligence section of the General Staff; (2) the secret service of the Federal District Police Force; (3) the investigative unit of the Office of the Attorney-General of the Federal District; (4) the investigative unit of the Office of the Attorney-General of the Republic; (5) the social and political investigative unit of the Ministry of *Gobernación*; and (6) the National Security Police. The first five organizations are not well organized by US standards and are only moderately effective. The social and political investigative unit had the responsibility during World War II of investigating enemy aliens in Mexico, in which function it was frequently accused of serving as a clearing-house for lucrative bribes which prevented the deportation of certain undesirable German aliens, a charge which could undoubtedly find considerable substantiation. The National Security Police

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is a relatively new organization directly responsible to the President. Its organization and methods are modeled along the lines of the FBI, and its personnel are considered competent and capable. It is relatively certain, however, that some of the unscrupulous chiefs of this group have abused the considerable power vested in them by condoning and actually conducting illegal activities such as narcotics smuggling.

k. Non-military Activities.

The more important non-military functions of the Mexican Army are in the reduction of illiteracy, construction of roads, and enforcement of the campaign against foot-and-mouth disease. The most important of these extra-military functions over the last ten years has been that of education. In many remote areas, the army has constructed modest schoolhouses and in many cases supplied the teachers to staff them. Teaching has been directed primarily at the reduction of illiteracy among children, but additional classes for illiterate adults are also conducted.

The Mexican Navy is charged with a number of non-military government services, including fisheries, lighthouse service, port works, and the merchant marine. During times of peace, the navy's non-military functions are more significant than its military activities.

4. Organization, Strength, and Disposition of the Armed Forces.

a. Army.

The Secretary of National Defense is assisted by the General Staff, organized along conventional lines, and by a large number of directorates of the various arms and services. In practice, the directors of combatant arms are supervised by the *Oficial Mayor* (Executive Officer) of the Secretariat of National Defense, while directors of administrative and technical services are under the Sub-Secretary of National Defense. The Secretary commands the division and one brigade directly and theoretically commands non-divisional troops and garrisons through the zone commanders. In practice, however, his orders go directly to troop commanders in the latter case.

The General Staff is preponderantly an advisory group. Authority is never delegated to Assistant Chiefs of Staff to act for the Commander. The Sub-Chief of Staff directs activities of personnel and administration, intelligence, organization, operations and training, procurement and supply, and sports and physical education. The directors of the four combatant arms (infantry, cavalry, artillery, and aeronautics) have as their functions technical supervision in organization and training, supply, and control of troop units. For administrative and tactical purposes, Mexico is divided into 32 military zones, boundaries of which usually coincide with state lines (see map in Appendix), each commanded by a general officer.

The peacetime organization of the Mexican Army emphasizes small units of battalion size. The only larger tactical units are an infantry division, a motor-mechanized brigade, and a brigade equivalent to the Presidential Guard unit. Thus the bulk of the Army consists of 48 independent infantry battalions, and 20 independent cavalry regiments, one of which is mechanized. The only artillery units are those organic to the infantry division and motor-mechanized brigade. The engineer corps comprises a construction unit and four sapper battalions. It also officially includes the signal service. The only medical units are companies in the divisions.

The authorized strength of the Mexican Army (exclusive of Air Force) on 1 January 1950 was 52,174, of whom 616 are ground force officers. Of the authorized strength, 23,556 are infantry. Actual strength is estimated to be 48,000.

The Mexican Army is adequately equipped with small arms and ammunition, supply being assured through domestic production. Mexico plans to standardize to US small-arms calibre and ammunition. Sidearms, issued only to officers, are mostly imported. All heavier equipment with the exception of the *Mosquetón* rifle and the *Mendoza* machine gun, which are Mexican-made, were purchased before the war in Europe or were secured from the US on a lend-lease basis. Most army equipment except that recently secured from the US is either obsolete or obsolescent. There

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d- are no guided missiles, rockets, or rocket
to launchers, little artillery, and limited num-
n- bers of armored vehicles. Transport vehicles,
c- in short supply, are almost entirely of US
n- manufacture, the majority having been re-
n- ceived under lend-lease.

d- The Mexican military has not devoted any
ir particular attention to formulation of strate-
y- gic doctrines concerned with operations
1- against a foreign enemy. The theory of war
1- as taught in Mexican Army schools recog-
or nizes the army's weakness when opposed by
o a force with modern equipment and training
f and thus emphasizes mobility and maneuver,
e employed in tactics of harassment and delay-
ing actions. Mexican defensive action against
a first-class power would probably be con-
cerned with rapid concentration at strategic
points with particular employment of infantry
battalions. The Mexican ground forces are
stronger than any or all of those of the Cen-
tral American countries but rank behind Bra-
zil and Argentina in all Latin America.

b. Navy.

Under the Secretary of Navy is the Director-General, who acts as Commander in Chief of the Navy and must belong to the General Corps. With the exception of the Technical Advisory Board, Inspector General, and Bureau of Naval Construction, which are directly under the Secretary of Navy, both the administrative and tactical organization of the Navy are subordinate to the Naval General Staff.

Mexican coastal waters are divided into eight naval zones, four on the Gulf Coast and four on the Pacific coast, with headquarters at Tampico, Veracruz, Ciudad del Carmen, Isla Margarita, Isla de las Mujeres, Guaymas, Manzanillo, and Acapulco. Zone commanders are directly responsible to the Director General of the Navy.

During World War II, Mexican naval vessels were organized into operational units and assigned definite patrol and convoy duties. Insofar as can be determined, operations were not bound by geographical limits of naval zones. There are no actual fleet, force, or division commanders as such, regularly at sea, but when ships are in company the senior commanding officer assumes command of the group.

There is also a small Naval Air Arm which is an integral part of the Navy. It is equipped with twelve US World War II aircraft. Of these, six are listed as grounded indefinitely for lack of spare parts. Of the 69 total personnel, 64 are pilots.

The Mexican Marine Corps is organized into five rifle companies which act independently of each other and are subordinate to the Director General of the Navy through the zone Commandants. There is no separate coast defense or coastal guard. There are six principal naval bases located at Manzanillo, Acapulco, Isla Margarita, Salina Cruz, Ciudad del Carmen, and Veracruz. The largest and most important of these is Veracruz. Their main function is to refuel and repair vessels. There are also naval stations at Guaymas, Tampico, Isla de las Mujeres, Coatzacoalcos, Pichilique, and Progreso, but facilities are extremely limited. The navy dry docks are located at Veracruz and Salina Cruz.

Total active naval personnel number 3,813, including 872 officers. Included in the total is the marine corps, with 72 officers and 472 men. The navy has no organized reserve of either officers or enlisted men.

Fire control on Mexican naval vessels is elementary, owing mostly to inexperience. Naval gunnery would be ineffective against any but an inferior enemy because of lack of fire control and slowness of loading. There is no indication that scientific research is being conducted with defense or war equipment. There are coastal defenses at Tampico, Tuxpan, and Coatzacoalcos to protect petroleum installations and defenses to protect naval bases at Puerto Cortés, Isla Margarita, and Salina Cruz. Defenses consist solely of permanently placed 7-inch guns and dug-in positions occupied by very old 75-mm and 80-mm field artillery pieces with no camouflage. The navy has two 57-mm mobile rifles and 3 machine guns at San Juan de Ulúa, Veracruz to protect the harbor in an emergency. These would be effective only against small craft.

The Mexican Navy is in effect a coast guard force capable of little more than routine peacetime coastal patrol duties and limited police action against internal disorders. It could assist the army by providing a measure of



water transport along Mexico's extensive coast line. Among Latin American navies it is exceeded in effective strength by the naval services of Argentina, Brazil, Chile, Peru, and the Dominican Republic. Considerable effort, outside guidance, and material assistance would be required to raise it to acceptable standards as a useful patrol and escort force.

c. Air Force.

The Mexican Air Force is an integral part of the army and as such is under the Secretary of National Defense (see Section 4. a, Army). It is on a par with other directorates of combatant arms. The Chief of the Mexican Air Force is the Director of Aeronautics and has a staff divided into the following sections: personnel and administrative, procurement and budget, airstaff functions, technical and industrial, and bases and fields.

The air force is theoretically divided into wings, which are subdivided into groups and the latter into squadrons. Tactical units of the air force are subordinate, except for broad directives and technical control, to the ground force zone commander of the military zone in which the air unit is stationed. The role of the air force in conjunction with ground forces is that of a national police force with its chief mission the maintenance of internal order through the suppression of revolutionary activity.

The air force comprises four groups with an aggregate of eleven squadrons. The eleven squadrons include two attack bomber squadrons, one fighter squadron, one transport squadron, one photo reconnaissance squadron, and six fighter squadrons used for reconnaissance. A battalion of airborne troops is being organized, of which two companies, already in being, have been assigned to the presidential guards.

The air force as of 1 July 1950 had a total personnel of 3,298, including 747 officers. Of the officer personnel, 450 are pilots. The majority of the enlisted personnel are in engineering and maintenance. There are no air force conscripts and a very small reserve. Training of pilots is fair by US standards, but maintenance efficiency is poor. The Air Force has 278 planes, the majority of which are trainers. Although most of the planes are

of recent US origin, a large percentage are non-operational for lack of maintenance and parts.

Mexico's ground facilities are capable of expansion and improvement. There are only 16 airfields with permanent surface runways of over 3,000 feet. There is a total of 136 air facilities in the country, about half of which are little more than cleared areas. Refueling, radio, and repair facilities, as well as hangars and parking areas, are found at only a small number of the fields. The better airfields are concentrated around Mexico City.

Mexican offensive air operations would be limited to the employment of 23 fighters, 25 light bombers, and 19 dive bombers, with an approximate combat radius of 200 nautical miles. Operational efficiency would probably not be over 50 percent. Yet the Mexican Air Force has undoubted supremacy over its Central American and Caribbean neighbors.

Mexico's air defenses are fair. Mexico has no early-warning system. However, it has a fairly extensive system of radio aids to air navigation and of standard commercial communications facilities. Of the total of seven "fighter" squadrons in the air force, six are actually equipped only with reconnaissance aircraft; and only one, the 201st, is equipped with P-47 fighter planes. The anti-aircraft artillery defense consists of one machine-gun group, carried under the artillery corps. There are 56 searchlights, received under lend lease, but they are reported to be in storage. There are no passive defenses now in existence.

d. Distribution of Forces.

The principal concentration of army and air force units is in the Valley of Mexico, most of the units being quartered in permanent barracks located in the suburbs of the capital. Numerous additional units are stationed in cities outside of the Valley but within a few hours of the capital, the largest of these concentrations being in and around Puebla. The major combatant units in this area include the 1st (regular) infantry division, the motor mechanized brigade, the 12th (mechanized) cavalry regiment, eight independent infantry battalions, and the 1st and 2nd presidential guards battalions. Thus, something over one third of the combatant troops' strength, in-

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cluding two major tactical units, is concentrated within rapid support distance of Mexico City. The remaining units are stationed in towns and cities throughout the country, from which further detachments of subordinate units to the more remote districts in the interior assure promptness in the enforcement of internal law and order.

There were in September 1950 18 vessels on the west coast and 11 on the east coast. The bulk of those on the west coast are based at Salina Cruz and those on the east coast at Veracruz.

The four groups of the air force are distributed as follows: the First Air Group (twin engine) is located at Mexico City. It comprises the group staff, the 101st attack squadron, the transport squadron, the photo reconnaissance squadron, and service units. Nominally, the war-experienced 201st Fighter Squadron is also attached to this group, although it is under direct control of air force headquarters. The Second Air Group (single engine), comprising group staff, Squadrons 205 and 207, and service units, is stationed at Ixtepec, Oaxaca. The Third Air Group, comprising Squadrons 202, 203, 204 and their respective service units, is located at Ensenada, Baja California. The Fourth Air Group, comprising group staff, Squadrons 206 and 209, and their service units, is stationed at Cozumel, Quintana Roo.

Besides these four air force bases, small service detachments are stationed at various municipal fields throughout the country and at the air force flying school in Guadalajara.

e. Quasi-Military Organizations.

Except for police units, discussed above under Intelligence and Counter-intelligence, the only important quasi-military organization in Mexico is the *Defensas Rurales* (also known as the *agrarista* or agrarian reserves). Units of these reserves were organized under the Cárdenas administration in most rural regions of Mexico and, as the name implies, are composed in large part of armed *agraristas*, or agrarian peasants. They operate under the director of reserves and, within prescribed directives, are under the immediate control of the zone commanders. *Defensas Rurales* units theoretically aid the army in its internal police mission

by furnishing intelligence in their areas and quelling outbreaks until the arrival of the army and police units. Actually, the *Defensas Rurales* are much more significant politically than militarily, as they have constituted the "shock troops" of the communal peasantry in defense of their *ejidos*. They have frequently clashed with the *hacendados* (landholders) opposing the land distribution program and have "persuaded" recalcitrant peasants to accept the collectivist idea of *ejidos*. Bloody clashes occasionally took place between the *Defensas Rurales* and the *Sinarquistas* during the Cárdenas and Avila Camacho administrations, but the agrarian reserves have not been particularly active under the present Alemán administration.

Poor arms, non-existent logistical support, and scanty training would render these reserves largely ineffective when acting alone against trained troops. However, in a major national emergency, these irregular forces, despite their deficiencies when compared with regular troops, would form a valuable adjunct to the army in any campaigns within Mexican territory. In this capacity, their thorough first-hand knowledge of the terrain in their respective regions, their tough character, and their inurement to desert and jungle hardships would make them very effective as auxiliaries to the regular troops.

5. General Estimate of Military Intentions and Capabilities.

Mexico at present has no warlike intentions toward any nation and is unlikely to modify this attitude unless there should be an international crisis. As a member of the inter-American system and a signatory to the Inter-American Treaty of Reciprocal Assistance, Mexico is obliged to submit all international controversies to peaceful settlement and not to resort to the threat or use of force in any manner inconsistent with the provisions of the United Nations Charter or the treaty.

In the event of another world conflict involving the US, Mexico could be expected, under present political conditions, to use its war potential in favor of the US. Mexico's close cooperation with the US in World War II in supplying raw materials, permitting construc-

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tion of air bases on its soil and the use of its ports by the US Navy, even sending an air squadron abroad to fight alongside the US in the Pacific theatre; the continuance of the Joint US-Mexican Defense Commission (formed in 1942); and the continuation of good relations between the two governments, all tend to support this assumption.

One of the primary purposes of the Mexican military establishment, and the one which it could be expected to perform most satisfactorily, is to suppress internal rebellion and to maintain public order. In case of attack by any American or extra-Hemisphere power, Mexico's defense strategy would presumably consist in using its limited forces to exact the utmost advantage from knowledge of its rugged terrain, thus gaining time for aid by joint action of the other American nations or by assistance from the US alone. While Mexico is not capable of waging a successful offensive or defensive war with a strong nation or group of nations, it could, if the need arose, wage a successful offensive or defensive war against any or all of the Central Ameri-

can republics, unless the latter were given substantial outside aid.

With US assistance and under favorable political conditions, Mexico in the event of war might be expected to: (1) place a maximum of 125,000 men in the field; (2) maintain internal security and order; (3) assist in aerial, surface, and coastal patrol; (4) provide air bases, ports, and essential raw materials; (5) block the use of its territory as an enemy base against the US; and (6) prevent the infiltration of enemy agents into US territory from across the Mexican border.

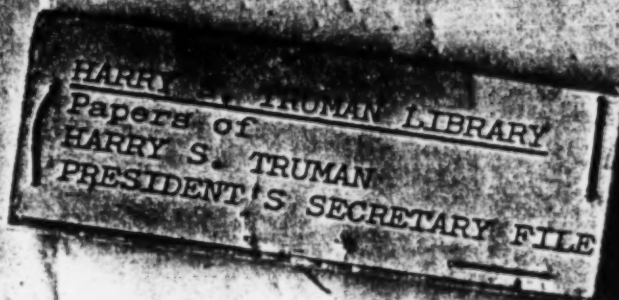
Further, assuming Mexico's desire to participate in overseas operations, it is estimated that, considering only the availability of manpower, one ground forces division and one air group could feasibly be furnished. However, in any decision involving a choice between ground troops participation or air force participation, it is believed that thorough consideration of the psychological deficiencies and strengths of the Mexican soldier is imperative (see Section 3, para. e, "Armed Forces Personnel").

In the event of war, Mexico's position in the Pacific theatre is of importance. The lack of important defense. On undeveloped an objective Isthmian r Isthmian tr supplement

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CHAPTER VI

STRATEGIC CONSIDERATIONS AFFECTING US SECURITY

In the event of war, a friendly administration in Mexico could be of some assistance in preventing enemy agents or armed forces from crossing the long common frontier into US territory, and could aid the US in coastal patrol. The Isthmus of Tehuantepec could be of importance as a possible base for Canal defense. On the other hand, the Isthmus is undeveloped and unprotected and could be an objective for enemy forces. If the trans-Isthmian rail connections were improved, Isthmian transportation could be used as a supplement to the Panama Canal.

From the strictly military point of view Mexico presents two important strategic considerations. First, Mexican territory includes sites that might be valuable for radar, naval, and air bases. The second consideration is that Mexico could contribute a military contingent for overseas operations. The chief value of such active participation would be the psychological effect produced on the other countries of Latin America.

Mexico is an important source of various strategic minerals and metals. Although

Mexico does not currently produce large quantities of petroleum for export, it is considered to be an important potential source of oil for the US.

The only foreseeable threat to US security in the Mexican economy is that from labor or saboteurs. Communists either direct or influence Mexican labor in such key industries as mining, petroleum, and railroads. Trained saboteurs or Communist agents have been reported in Mexico and sabotage plans may have been worked out, although the major action from Mexican labor would be through strikes. President Alemán has been able in the past to use the army effectively to break strikes in the petroleum industry and national railroads. In the event of war between the US and USSR, the Mexican Government could probably break strikes in any strategic industry.

The administration in Mexico is stable and in control of the political machinery. In the event of war, the present Mexican Government would cooperate wholeheartedly with the US in the interests of hemispheric defense and in support of the US war effort.

NOTE

The Office of Naval Intelligence concurs with this treatment only on the basis of maximum possible contributions from Mexico under the most favorable conditions. It believes that there are restrictive factors of a geographic, political and economic nature which would limit the usefulness of the Isthmus of Tehuantepec and the possibility of a substantial military contingent for overseas operations.



APPENDIX A

BIOGRAPHICAL DATA

ALEMÁN, Miguel

Place of Birth: Sayula, Veracruz
Date of Birth: 29 September 1902
Education: Elementary and secondary schools in Orizaba; National University of Mexico, LL.B. 1928. Speaks some English.
Occupation: President of Mexico.
Remarks:

Alemán practiced law, was a member of the higher court of justice of the Federal District and territories, and was Senator from Veracruz, 1936-1940. In 1940, he directed the presidential campaign of Manuel Avila Camacho, for which he was rewarded with the cabinet post of Minister of *Gobernación*, 1940-45. In 1946 he was elected to a six-year term as President of Mexico.

Alemán is an extremely clever politician who has brought his administration successfully through periods of economic stress and threats to stability. His inaugural address included a program of agricultural expansion and industrial development, which has been at least partially implemented during his administration with US financial and technical assistance. His domestic policies are considered to be middle-of-the-road. His foreign policy includes friendship toward all countries and participation in international organizations.

AVILA Camacho, Manuel

Place of Birth: Teziutlán, Puebla
Date of Birth: 24 April 1897
Education: Graduated as accountant, *Liceo Teziuteco*, 1912.
Occupation: Retired Army General; ex-President of Mexico
Remarks:

Avila Camacho joined the revolutionary forces in 1914, subsequently holding various military assignments, including that of Commander of the 29th Military Zone in Tehuantepec in 1932. He was Executive Officer and Under-Secretary of War and Navy under Abelardo Rodríguez, and became Minister of National Defense in 1938-39 under Cárdenas. A protege of Cárdenas, he was President of Mexico in the period 1940-1946.

Avila Camacho rose to political prominence as a result of his close following of Cárdenas since revolutionary days, and is believed to have initiated no programs as President except those stemming indirectly from Cárdenas. He was, however, more conservative in his political actions than Cárdenas had been. He is generally credited with having begun modernization of the Mexican Army. Although he has been officially inactive in both political and military affairs since 1946, Camacho is reported to have participated in various secret sessions of a political nature with military and oppositionist labor leaders. He is not believed to have any personal political ambitions.



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BASSOLS, Narciso

Place of Birth: Tenango del Valle, México
Date of Birth: 1898
Education: LL.B, National University of Mexico. Speaks French.
Occupation: Lawyer
Remarks:

Bassols has had a varied career, serving at various times as professor of law and director of the faculty of law at the National University, Minister of Public Education, of *Gobernación*, and of Finance, Minister to Great Britain and France, delegate to the League of Nations, and Ambassador to the USSR. He is one of the outstanding leftists in Mexico, having held membership in a number of Communist-front and Marxist organizations. He was one of the founders of the Society of Friends of Wallace and was an organizer and Vice-President until recently of *Partido Popular*. Because of his intelligence and national prominence, coupled with his Communist views, Bassols is one of the outstanding anti-US influences in Mexico.

BERMÚDEZ, Antonio J.

Place of Birth: Chihuahua
Date of Birth: 13 June 1893
Education: Primary only. Speaks English, some French.
Occupation: Senator, Director-General, *Petróleos Mexicanos* (Pemex)
Remarks:

Bermúdez' political activity is of fairly recent date, starting as mayor of Ciudad Juárez, 1941-1944; State Treasurer of Chihuahua, 1944-46; and Senator from Chihuahua and Director-General of Pemex since 1946. He is described as intelligent, resourceful, and of noted moral integrity. Bermúdez has used his business experience to good advantage in straightening out the chaotic financial and labor situations in Pemex and in improving the efficiency and operations of the organization.

Bermúdez is personally popular in Mexico, and the political significance of his position as head of the expropriated oil industry is important. He has been mentioned in the Mexican press as a likely presidential candidate in 1952, with possible *Partido Popular* backing. He is not believed to be a member of PP, however, but to be a loyal member of the government party, PRI.

BETETA, Ramón

Place of Birth: México, D. F.
Date of Birth: 7 October 1901
Education: 1923, B.A., University of Texas (Phi Beta Kappa); 1926, LL.B., University of Mexico; 1934, Ph.D. Speaks English and French.
Occupation: Minister of Finance
Remarks:

Beteta in 1924 and 1925 was a professor of law and social sciences in the University of Mexico, and in the period 1925-1928 taught in the National Preparatory School. Since 1926 he has occupied a number of important government posts, the most recent of which had been that of Minister of Finance since 1946. He has been decorated by a number of countries, and is the author of numerous works in the field of economics. He has also served as Mexican delegate to various international conferences.

CARDEN

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Education
Occupation

Remarks

LOMBARDI

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Beteta is married to an American, but has been reported as basically anti-US. However, both during and since Alemán's presidential campaign, he has given every indication of cooperating with the US Government. Beteta is considered to be a person of great intellectual capacity, extremely affable, charming, and a lively conversationalist. He is a member of PRI, with left-wing tendencies, and is considered a clever politician. His astuteness has been demonstrated by his handling of the difficult financial situation during the past two years. Beteta is believed to aspire to the presidency of Mexico, and is mentioned prominently as a potential candidate for the 1952 election. Because he has been a scapegoat for part of the economic difficulties of the country, however, his chances of nomination would appear slim.

CARDENAS, Lázaro

Place of Birth: Jiquilpan de Juárez, Michoacán, Mexico
Date of Birth: 21 May 1895
Education: Educated by the Salesian Fathers in Morelia
Occupation: Executive Director of the Tepalcatepec Commission. Retired General in Mexican Army; former President of the Republic.

Remarks: Cárdenas in 1913 joined the revolutionary forces and rose rapidly to the rank of Brigadier General in 1924. During the period 1915-1924, he participated in numerous revolutionary campaigns. He served as Governor of Michoacán, Minister of *Gobernación* and Minister of War and Navy. During the period 1934-1940 he was President of Mexico. In 1942 he was Commander of all Mexican forces on the Pacific Coast, and in 1942-1945 was Minister of National Defense. Since 1945 he has been General of Division, Mexican Army, on inactive duty, and since 1947 has been Director of the Commission to develop the valley of the Tepalcatepec River in Michoacán.

Cárdenas, during his term as President of the Republic, inaugurated a 6-year plan to distribute land to peasants, organized cooperative farms, and set up a credit system. During his administration, oil properties were nationalized, the National Railways were expropriated, education was extended and secularized.

Cárdenas is considered to be one of the most powerful political figures in Mexico. He has a strong following among the peasantry, labor and the army. His political philosophy is socialistic, and his extreme nationalism has, in connection with his social doctrine, placed him in the category of the Number 1 patriot in the eyes of most Mexicans. He is tolerant of all views and political beliefs, fears the "imperialism" of US business interests, but might be expected to support the US in preference to the USSR, if he felt that Mexico's interests would be served by participation in a world conflict.

LOMBARDO Toledano, Vicente

Place of Birth: Teziutlán, Puebla
Date of Birth: 16 July 1894
Education: Escuela Nacional Preparatoria; LL.B., National University of Mexico, 1919; M.A., 1920; Ph.D., 1933. Speaks French, Italian and some English.
Occupation: Labor-Politician



Remarks:

Lombardo Toledano is not only the outstanding Mexican labor leader, and a well-known international labor leader, but has also been prominent in Mexican political and educational circles. From 1918 to 1933, he was professor of law and philosophy at the National University of Mexico. During the same period he also held other positions, including Secretary of *Gobernación* of the Federal District, Director of the National Preparatory School, Governor of the State of Puebla, and Federal Deputy. In 1933 he withdrew from the *Confederación Regional de Obreros Mexicanos* (CROM) and founded a new labor organization which, with Cárdenas' blessing, he reorganized into the dominant *Confederación de Trabajadores de México* (CTM) in 1936. Also in 1936 he founded and has since directed the *Universidad Obrera*, in 1938 the *Confederación de Trabajadores de (la) América Latina*, in 1939 the newspaper *El Popular*, and in 1944 the *Liga Socialista Mexicana*. From 1944 until 1948 he was a member of the ILO Administrative Council. In 1945 he was one of the founders of WFTU and has been a Vice-President since that date. In 1947 he started organizing *Partido Popular*, and is now its President. He was among the principal directors of the Latin American Petroleum Workers' Congress held in Tampico in September 1948, and was behind the organization of the *Unión General de Obreros y Campesinos de México* (UGOCM), new left-wing labor central.

Lombardo, believed not to be a card-holding member of the Communist Party, is an avowed Marxist and has preached Marxian principles since fairly early in his career. He is simultaneously a nationalistic Mexican. He has traveled extensively through both Latin America and Europe in connection with international labor activities and has during his trips maintained contact with the leading Communists of all countries, including the USSR and satellite states. Having been a close collaborator with the Mexican Government during the Cárdenas and Ávila Camacho administrations, Lombardo has been one of the major oppositionist leaders during the Alemán administration. Because of the strong control of the government over Mexican political life, Lombardo's prestige and power have suffered as a result of his disaffection with the government political and labor groups. He has given indication more recently of changing his tactics to friendly criticism or actual collaboration in an attempt to recoup his personal losses.

ORIVE DE ALBA, Adolfo

Place of Birth: México, D. F.
Date of Birth: 1908
Education: Engineering degree
Occupation: Minister of Hydraulic Resources
Remarks:

Orive de Alba, an engineer by profession, was employed by the Department of Agriculture of Mexico to direct irrigation projects, and at the time of his appointment to the Cabinet was executive member of the National Irrigation Commission. He has been described as a brilliant and capable engineer, a hard worker, and a man of integrity. He has been mentioned as a former close collaborator of Lázaro Cárdenas and a friend of Vicente Lombardo Toledano, although he is not be-

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lied to have Communist tendencies, being inclined toward socialism. He is married to an American.

Orive de Alba has been mentioned as a person of potential political prominence because of his outstanding ability and his political backing.

RODRÍGUEZ, Abelardo L.

Place of Birth: San José de Guaymas, Sonora

Date of Birth: 12 May 1889

Education: Primary education. Speaks fluent English.

Occupation: President, *Teléfonos de México, S.A.* Retired Army General

Remarks: Rodríguez left school to work in the copper mines in Cananea, Sonora, subsequently joining the Revolutionary Army. He had a strictly military career until 1931, when he held two Cabinet posts as Secretary of Industry, Commerce and Labor and Secretary of War and Navy. During the period of 1932-34 he was Provisional President of Mexico. He held no political office from 1934 to 1943, when he became Governor of Sonora. In 1948 he resigned from the Governorship to become President of *Teléfonos de México, S.A.*

Rodríguez is wealthy, owning and controlling a large portion of the land and industry of Sonora. He is extremely anti-Communist and anti-*Partido Popular*. He had his personal representatives in the cabinets of Cárdenas and Avila Camacho, but has no such representation in the Alemán Cabinet. He has publicly expressed his approval of the Alemán administration.

SERRANO, Carlos I. (Colonel)

Place of Birth: Sinaloa, Mexico

Date of Birth:

Education:

Occupation: Army Colonel; Senator; Presidential Advisor

Remarks: Colonel Serrano is considered one of the important persons behind the scenes in the Alemán regime. He was head of the State Police when Alemán was Governor of Veracruz and during the latter's campaign for the Presidency was responsible for his personal safety. He has organized and controls the *Dirección Federal de Seguridad*, a political police organization. As unofficial head of the National Security Police and as President of the Permanent Commission of Congress, he wields considerable influence. He has been active in undercover direction of the anti-Communist campaign, particularly in the labor field.

Serrano, an unscrupulous man, is actively engaged in various illegal enterprises, such as the narcotics traffic. He is considered astute, intelligent, and personable, although his methods of operating violate every principle of established government administration. He is said to aspire to the Presidency of the Republic.

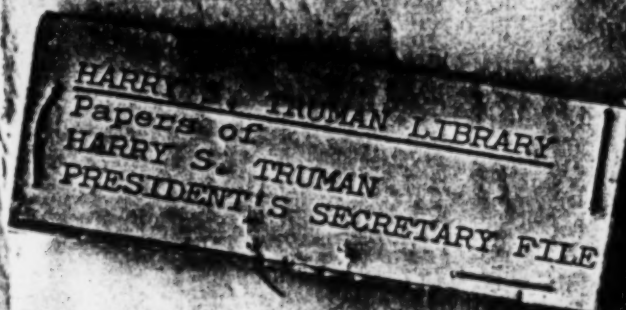
TELLO, Manuel J.

Place of Birth: Zacatecas, Zacatecas

Date of Birth: 1 November 1899

Education: *Instituto Científico* (Zacatecas); *Escuela Libre de Derecho*; *Escuela de Altos Estudios* (Mexico City). Speaks English and French.

Occupation: Acting Minister of Foreign Affairs



Remarks:

Tello is a career diplomat, having served eight years as Vice Consul in Antwerp, and periods as Consul in Geneva, unofficial Mexican representative at the League of Nations and ILO, and Director of political affairs and the diplomatic service. In 1944 he was appointed Under-Secretary of Foreign Affairs. Tello occupied the latter post until 1948, when he became Acting Minister of Foreign Affairs. He also represented Mexico in the Inter-American Conference on Problems of War and Peace and the United Nations Conference on International Organization in 1945.

Tello has been described as the outstanding type of Mexican career diplomat, having a broad concept of international problems. Highly intelligent and completely honest in his personal and official life, he enjoys an excellent reputation among all classes of Mexicans. He is believed to have no political aspirations.

TORRES Bodet, Jaime

Place of Birth: México, D. F.

Date of Birth: 17 April 1902

Education: Primary School; Normal School; *Escuela Nacional Preparatoria*; law studies, National University of Mexico. Honorary degrees, University of New Mexico and University of Southern California. Speaks fluent French and fair English.

Occupation: Director-General, UNESCO

Remarks:

Torres Bodet enjoys high prestige in Mexico as a scholar, poet, novelist and successful administrator, and is one of the leading Latin American statesmen. After his early years (1920-1928) as a professor and official in the Ministry of Education, he started a diplomatic career which included posts in Madrid, Paris, The Hague, Buenos Aires, Geneva, and Brussels. In 1940 he was appointed Assistant Secretary of Foreign Affairs and in 1943-46 he was Minister of Education under Avila Camacho. In the Alemán cabinet (1946-) he was Minister of Foreign Affairs, resigning in 1948 to accept the post of Director-General of UNESCO.

Torres Bodet made a distinguished record for himself as Minister of Education and has enhanced his prestige through his outstanding participation in postwar international organizations. He has followed a policy of close cooperation with the US without being subservient to US interests. Torres Bodet has stressed the need of hemispheric joint efforts to maintain peace and advance mutual economic and political interests.

Torres Bodet is not known to have any ambitions in Mexican politics, but his stature and prestige would carry him far should he become a political figure. His more likely role is that of an international statesman.

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APPENDIX B

CHRONOLOGY

- 1519 Beginning of the Conquest of Mexico by Cortés.
- 1535 Viceroyalty of New Spain established.
- 1810 Hidalgo began independence movement.
- 1821 Mexico won independence from Spain under Iturbide.
- 1824 First Republic Constitution proclaimed.
- 1835 Texas rebellion.
- 1846 War with US over annexation of Texas.
- 1848 Treaty of Guadalupe Hidalgo ended war with the US.
- 1859 Juárez passed Reform laws.
- 1862 French intervention began inauspiciously with 5th of May Mexican victory.
- 1864 Maximilian crowned emperor.
- 1867 French withdrew—Maximilian executed.
- 1876 to Porfirio Díaz elected for successive terms except 1880–84.
- 1911 Madero began revolutionary movement.
- 1911 Madero elected President.
- 1913 Madero assassinated—Huerta became President.
- 1914 US marines landed in Veracruz after "Tampico incident"—Huerta resigned.
- 1915 Carranza recognized by US as *de facto* President of Mexico.
- 1916 Pershing expedition into Mexico.
- 1917 New Constitution adopted—Carranza declared neutrality in World War I.
- 1918 Imposition of confiscatory taxes by Carranza government started oil controversy.
- 1920 Carranza killed by Obregón forces.
- 1923 US formally recognized Obregón.
- 1924 Calles became President.
- 1925 Conflict with Church began.
- 1927 Morrow appointed Ambassador to Mexico to settle difficulties.
- 1928 Obregón elected for second term—killed before inauguration.
- 1929 Escobar rebellion broke out, was quickly put down.
- 1930 Ortiz Rubio became President.
- 1932 Ortiz Rubio resigned.
- 1934 Lázaro Cárdenas became President.
- 1935 First Six Year Plan put into effect.
- 1938 Expropriation of foreign oil company properties by Cárdenas.
- 1940 Ávila Camacho became President.
- 1942 Mexico declared war against the Axis.
- 1946 Alemán became President.
- 1947 Negotiations begun for return of American oil companies to work in Mexico. Truman-Alemán exchanged visits.
- 1948 Torres Bodet became Director General of UNESCO.
- 1949 Peso stabilized at 8.65 per US dollar.



APPENDIX C

POPULATION CHARACTERISTICS AND STATISTICS

1. Composition.

A heterogeneous composition of unequal distribution characterizes Mexico's population of 24,602,313 inhabitants. Of these some 30 percent are Indian, 15 percent European, and 55 percent *mestizo* (Indian and European).

Within the Indian population there are some 50-odd different groups each with its own language, traditions, and cultural characteristics. Thus the Indian constitutes one of the major problems confronting the Mexican Government. Until he is integrated into Mexican society, political, economic, or cultural problems will remain partly unsolved.

A tremendous educational problem originates from the high percentage of illiteracy (51.6 in 1940) and from the need for incorporating these linguistically separate groups into the national life. Perhaps this second aspect of the problem is the greater of the two. Its magnitude can be appreciated by the fact that in 1930, 16 percent of the total population over five years of age were divided into 54 lingual groups. Notwithstanding a reduction in this percentage, according to 1940 census figures, 1,237,018 persons over five years of age living in Mexico (1 out of every 14) still speak only indigenous languages. The same census reports that 1,253,891 inhabitants speak Spanish as well as the indigenous languages, but for educational purposes, this superficial knowledge of Spanish can almost be totally discounted since frequently it is no more than familiarity with a few words.

Teaching to read and write Spanish, therefore, is not the only solution to the problem of education in rural Mexico. It involves as well the teaching of spoken Spanish to serve as an

instrument of communication within and among the Indian communities.

Even more important than the incorporation of these people in the Spanish-speaking population are the teaching of the rudiments of sanitation and health practices, the raising of housing standards within their own physical and economic environment, and the development of communication facilities in order that literacy may be of greater use. Literate Indians must be encouraged to stay in their communities to help in the rehabilitation program.

As early as 1923 "cultural missions" were organized by the government in an effort to reach the Indians in the isolated regions where they lived. Their personnel consisted of a director and an instructor in the fields of soap-making, tanning, health and physical education, agriculture, and music. This program failed because of the lack of trained personnel to see it through. Largely through the efforts of Jaime Torres Bodet, then Minister of Education, President Manuel Avila Camacho launched a nation-wide program in 1944 to combat illiteracy. At the end of 1½ years, 1,500,000 illiterates between the ages of 6 and 40 had been reached of whom 708,657 passed a reading test. Small as this figure may be, it marks a new beginning of this great endeavor to integrate widely distinct sectors of the population into the life of the nation.

2. Growth.

With the exception of Brazil, Mexico has the largest population of any Latin American country. The following table shows the trend in growth through the years:

First half 19th century.....	1 million every 25 years
Second half 19th century.....	1 " " 10 "
1900 to 1910.....	1 " " 5 "
1930 to 1940.....	1 " " 3 "
1940—.....	1 million every 2 years (trend) ¹

¹ Anuario Estadístico, 1940-Dirección General de Estadística.

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These figures show that until recently the population of Mexico has increased slowly. Mexico has had no waves of immigration;¹ in fact, it has actually lost population at times through emigration. Population has also been lost through revolutions and through loss of territory to the United States. Furthermore, Mexico has one of the highest death rates among the Latin American countries, especially infant mortality.²

There have been two periods of comparatively rapid growth—the first from 1885 to 1910, during the Díaz dictatorship, and from 1921 to date (end of military aspect of Revolution of 1910). The greatest increase ever recorded for a ten-year period took place from 1930 to 1940. The increase, slow as it may have been, has been mainly the result of high birth rate. In 1941 it was 43.5 per thousand as compared with 18.9 in the US. The excess number of births over deaths is greater than is found in most countries of Latin America.³

3. Distribution.

a. Geographical.

A glance at the following figures will clearly reveal the unequal geographical distribution of the Mexican population: The North Pacific area comprising 21 percent of the total national area holds only 6 percent of the total population. The arid North area has 40 percent of the national territory and 19 percent of the population. The Gulf Coast, and the South Pacific region each holds 12 percent of the total population and covers 12 and 14 percent of the national area, respectively. In contrast to these figures are those applicable to the Central Region. Here 14 percent, or one-sixth of the Mexican territory, contains 48.6 percent of the total Mexican population. These Central Region figures also represent 15 percent of all the agricultural land, 45 percent of the total number of farmers. The present heavy concentration of population in the central highlands is further emphasized by the

¹ In the 1930's there took place a program of repatriation of Mexicans from the US and this number did exceed the emigration figures of that decade, but this was not the major contributing factor to the increase in population.

² James, p. 598.

³ Whetten, p. 26.

fact that in this area are located six of the thirteen cities having more than 50,000 inhabitants; forty of the ninety-seven cities having a population of more than 10,000 inhabitants; 42.9 percent of the 12,757,711 inhabitants living in rural areas of less than 2,500 inhabitants. Most of the major industries other than petroleum are also located in this region.

This centralization of population is evident not only on a national scale but also in each distinct population district. The Central area, therefore, is composed of various clusters of population each with its own urban nucleus and separated from neighboring clusters by thinly populated territory.

Total density of Mexico's population is 25.9 inhabitants per square mile as compared with 44.2 in the US. This figure is greater, however, than that found in the larger countries of Latin America,¹ and ranges from a density of less than one inhabitant per square kilometer in the Territory of Quintana Roo to that of more than 115 per square kilometer in the Federal District. Conforming to the above pattern, Mexico City has by far the greatest population of all Mexican cities. Important population figures are as follows:

City	1940	1948 (est.)
Mexico City	1,448,422	2,146,154
Guadalajara, Jal.	229,235	282,280
Monterrey, N.L.	186,092	252,639
Puebla, Pue.	138,491	159,701
Mérida, Yuc.	98,852	114,967
Tampico, Tamps.	82,475	106,874
San Luis Potosí, SLP	77,161	97,416
Torreón, Coah.	75,796	100,208
León, Gto.	74,155	93,751
Veracruz, Ver.	71,720	84,012
Saltillo, Coah.	49,430	65,353
Cd. Juárez, Chih.	48,811	61,060

Most heavily populated states and territories are:

	1940	1949 (est.) as of 30 June
Federal District	1,757,530	2,107,362
Veracruz	1,619,338	1,933,410
Jalisco	1,418,310	1,791,382
Puebla	1,294,620	1,519,011
Oaxaca	1,192,794	1,396,429
Michoacán	1,182,003	1,484,258
México	1,146,034	1,416,568
Guanajuato	1,046,490	1,361,786

¹ Some of the small Latin American countries are much more densely populated than Mexico.

The inequity may be attributed to the fact that the Spanish policy of colonialization of population present figures in the center shown greater than other areas. developed in the region in the 19th century and from the eventually be

4. Rural-Urban

The Mexican population. Of the total population, 48.6 percent live in rural areas, 51.4 percent live in urban areas. more in six central Mexico as many as elsewhere. is the proportion are the Federal District in the central and the North in the Northwest.

The rapid growth, however, is taking place. The proportion of urban population living in the country has increased from 23.5 percent

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The inequality of geographical distribution may be attributed in great measure to the fact that the Spaniard followed the Indian pattern of colonization and settled where the Indian population was already dense. Although present figures still show the greatest density in the central region, the recent years have shown greater proportionate increases in other areas. The agrarian programs being developed in Mexico and the economic depression in the US in the 1930's caused many persons to cross the frontiers from Guatemala and from the US along the border states, many eventually becoming permanent residents.

4. Rural-Urban Distribution.

The Mexican population is basically rural. Of the total population, approximately 68 percent live in small communities and only 32 percent live in the cities. The proportion of rural inhabitants has reached 80 percent or more in six states located in southern and central Mexico, and from 70 to 80 percent in as many as eleven states. In only four states is the proportion less than 50 percent. These are the Federal District and Aguascalientes in the central area, Coahuila in the northern, and the Northern District of Lower California in the Northwestern area.

The rapid growth in Mexico's population, however, is taking place in the urban areas. The proportion of the total number of inhabitants living in the larger communities increased from 23.5 percent in 1921 to 27.5 percent in

1940. While the largest proportionate increase in population for the country as a whole is found in the cities, the largest actual increase remains in the smaller localities since the number of persons living there is so much greater.

The growth in Mexico City, Guadalajara, and Monterrey is almost phenomenal, suburbs springing into existence almost overnight. One of the reasons for this urbanization is the social unrest pursuant to the agrarian program. Many of the investors in urban real estate and commercial and industrial concerns are former landowners who have moved to the city.

5. Occupational Distribution (See Chapter III, Section 1.c.)

6. Significant Foreign Elements.

Mexico has a very low proportion of foreign-born among its population. Less than 1 percent of the total population living in Mexico in 1940 were born outside its national borders as compared with 8.8 percent in the United States. The foreign-born population is located principally in the cities.

Foreign nationalities (individuals living in Mexico who are citizens of a foreign country and those living in Mexico who have been citizens of a foreign country before taking Mexican citizenship) total 105,350 persons. Of these, one-fourth are Spaniards (27.9 percent). Complete statistics, according to the 1940 Census, are as follows:

POPULATION OF FOREIGN NATIONALS LIVING IN MEXICO						
Nationality	Total Foreign Nationality		Citizens of Foreign Countries		Have Become Citizens	
	No.	%	No.	%	No.	%
Total	105,350	100.0	67,548	100.0	37,802	100.0
Spanish	29,344	27.9	21,022	31.1	8,322	33.0
US	19,477	18.5	9,585	14.2	9,892	26.2
Guatemalan	7,715	7.3	3,358	5.0	4,357	11.5
Chinese	6,661	6.3	4,856	7.2	1,805	4.8
Canadian	5,338	5.1	5,338	7.9	—	—
Syrian & Lebanese	5,232	5.0	3,495	5.2	1,737	4.6
German	4,279	4.1	2,852	4.2	1,427	3.8
British	3,747	3.6	2,987	4.4	760	2.0
Polish	2,886	2.7	1,552	2.3	1,334	3.5
French	2,589	2.5	1,801	2.7	788	2.1
Russian	2,287	2.2	1,037	1.5	1,250	3.3
Japanese	2,181	2.1	1,550	2.3	631	1.7
Cuban	1,861	1.8	1,123	1.7	738	2.0
Italian	1,853	1.8	1,183	1.8	670	1.8

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Other Pertinent Data:

Slightly more than 1/3 (35.9 percent) of foreign-nationality groups have become Mexican citizens, while nearly 2/3 (64.1 percent) have retained their foreign citizenship. Persons from the US and Guatemala now residing in Mexico have shown a greater tendency to become citizens of Mexico than have either Spaniards or Chinese. Of those from the US, about half have become Mexican citizens, as compared with only 28.4 percent of the Spaniards. Many of those from the US who have become citizens are probably descendants of former Mexicans who have been living in the

US but who have now returned to Mexico. The comparatively small proportion of Spaniards who have become citizens is probably due to the large number who entered as refugees from Spain during the late 1930's and who either expected to return to Spain or had not been in Mexico long enough to have become citizens at the time the census was taken in 1940. Throughout the years the Spaniards have shown greater tendency to become citizens than has any other foreign group.¹

¹ Whetten, p. 61.

Mexican ranks the public terrain

(1) The Mexican or of irregular western to the view of Mexican plateau consists of flat-bottomed increase plateau mountain

(2) The Mexican—mainly consisting of the eastern border mountains of the Sierra Nevada to the Pacific

(3) The Mexican Peninsula level lowland

(4) The Mexican—mainly the mainland and the most places interior

The long Mexican peninsula is isolated by the Gulf of Mexico, and the western regions outline climatic conditions.

Semi-arid of the north

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APPENDIX D

TERRAIN AND CLIMATE

Mexico, with an area of 758,258 square miles, ranks third among the Latin American Republics. It may be divided into four major terrain regions. These are:

(1) *The Mexican Plateau* (Altiplanicie Mexicana on the accompanying map)—an area of irregular relief extending from the southwestern part of the United States southward to the volcanic range that borders the Valley of Mexico. The northern portion of the plateau consists of mountain blocks rising above flat-bottomed valleys. Elevations gradually increase to the south, where a series of high plateau basins are partially separated by mountains.

(2) *Mountain Borders of the Mexican Plateau*—massive barriers of communication, consisting of the Sierra Madre Oriental on the east; the extremely rough Sierra Madre Occidental on the west; and a wide southern border beginning with the range of volcanic mountains (shown on the map as the Cordillera Neo-Volcánica) and extending southward to the Pacific Coast.

(3) *The East Coast of Mexico and the Yucatán Peninsula*—the largest continuous area of level lowland in Mexico.

(4) *The West Coast of Mexico and Baja California*—a relatively isolated coastal area. On the mainland, the Sierra Madre Occidental and the mountains of southern Mexico in some places interrupt narrow coastal lowland.

The long, narrow peninsula of Baja California is isolated from the mainland of Mexico by the Gulf of California. Uplands bisect the peninsula, and most of the lowland lies along the western coast. The climatic regions of Mexico do not coincide with the four terrain regions outlined above. In some cases, similar climatic conditions occur in widely separated areas.

Semiarid steppe climate prevails in (1) most of the northern section of the Mexican Pla-

teau; (2) the west coast mainland bordering the southern part of the Gulf of California; (3) the southeastern tip of Baja California; and (4) the northwestern tip of Yucatán.

Desert climate extends over (1) the northwestern section of the Mexican Plateau; (2) the west coast mainland bordering the northern part of the Gulf of California; and (3) practically all of Baja California.

Tropical savanna climate, with distinct wet and dry seasons, occurs in (1) most of the coastal lowland portion of the state of Veracruz; (2) most of the northern part of the Yucatán Peninsula; and (3) the west coast from slightly south of the Tropic of Cancer to beyond the Guatemalan frontier.

A pronounced tropical rainy climate extends from the northern part of the Isthmus of Tehuantepec across the southern part of the Yucatán Peninsula.

The subhumid tropical highland climate occurs throughout most of the highlands south of the Tropic of Cancer.

1. The Mexican Plateau.

a. Terrain.

Mountain blocks rising above relatively flat-bottomed basins and valleys form the typical landscape of the northern portion of the Mexican Plateau. This terrain is a southward continuation of similar landforms found in western Texas and the southern part of New Mexico and extends into the northern parts of the states of Durango, Zacatecas, and San Luis Potosí.

The mountain blocks cross the area in a northwest to southeast direction. Their steep, rocky slopes often rise 3,000 feet above the basin floors to heights of 7,000 to 8,000 feet above sea level. Salt-encrusted flats occupy the lowest parts of many of the basins. The edges of the basins are covered by accu-

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mulations of sand and gravel washed down from the mountain blocks.

The northern section of the plateau has interior drainage. The river basins of the Río Grande and its southern tributary, the Río Conchos, are the chief exceptions. The Río Grande drains the northern and eastern areas, and the Río Conchos taps the drainage from the Sierra Madre Occidental. Most of the other streams evaporate in the arid surroundings, and consequently the land surface has not been deeply dissected by stream action.

The southern section of the plateau is higher and more mountainous. The transition begins gradually in the states of Durango, Zacatecas, and San Luis Potosí. Southward the general elevation becomes increasingly higher. Here the floors of the basins and valleys are 7,000 to 8,000 feet above sea level. Mountains in the volcanic range that extends from the state of Jalisco, along the southern margin of the plateau and into the state of Puebla, reach heights of 15,000 feet and higher, particularly east of Mexico City. With the exception of the "Valley of Mexico," all of the southern basins are drained to the Gulf of Mexico or the Pacific Ocean. As in the north, the land is not deeply dissected by stream action.

The major basins of the southern plateau are: (1) the "Valley of Mexico"; (2) the Basin of Puebla; (3) the Basin of Toluca; (4) the Basin of Guanajuato; (5) the Basin of Jalisco; and (6) the Valley of Aguascalientes. Each basin contains a major city and a cluster of smaller centers. Mexico City, the capital, located in the "Valley of Mexico" at approximately 7,500 feet above sea level, is the principal political, commercial, manufacturing, and cultural center of the Nation.

b. Climate.

Three types of climate occur on the Mexican Plateau: (1) steppe; (2) desert; and (3) tropical highland.

Most of the northern section of the Plateau is semiarid having a steppe climate. The mean annual rainfall varies from approximately 20 to less than 40 inches, the amount increasing to the south. The rainy period is brief, usually occurring in the summer. The annual range of temperature is small, but diurnal

range is large, especially in the dry season.

The northwestern part of this northern section of the plateau, however, has a desert climate. Rainfall is highly irregular, and even entire years may be rainless. The percentage of sunshine is high, and relative humidity is very low. Both the annual and diurnal ranges of temperature are large.

In general, the southern part of the plateau, together with the surrounding mountains, has a tropical highland climate. Rainfall averages 20 to 40 inches a year and is unevenly distributed throughout the area, the heaviest rainfall occurring along the southern margin. Here, as in most of the areas farther north, the annual range in temperature is small and the diurnal range large.

2. Mountain Borders of the Mexican Plateau.

a. Terrain.

Bordering the Mexican Plateau are series of rough, dissected mountain ranges sloping outward toward the Gulf of Mexico or the Pacific Ocean. The deep valleys of both the Sierra Madre Oriental on the east and the Sierra Madre Occidental on the west are oriented for the most part, in a north-south direction. The southern border of the Mexican Plateau differs from both the eastern and western borders; it is a much wider zone including mountain ranges, the Balsas Valley, and the dissected plateau in the states of Oaxaca and Guerrero.

The Sierra Madre Oriental is less of a barrier to transportation than the Sierra Madre Occidental; nevertheless, comparatively few breaches occur in the Sierra Madre Oriental. The city of Monterrey is situated near the most important gap in the north. Here the main axis of the mountain turns from the north-south alignment that predominates farther south to an east-west alignment. There are several other accessible passes a short distance north of Monterrey. In northern Coahuila, the ranges again extend in north and south direction. South of Monterrey, the north-south ranges rise to elevations of 6,000 to 12,000 feet and are interrupted by many flat-bottomed valleys and basins. Relatively few passes open to the Gulf of Mexico, the two major routes being those leading

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b. Climate.

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the cities of Tampico and Veracruz on the Gulf of Mexico.

The Sierra Madre Occidental rises rather gradually from the region of mountain blocks and basins in Chihuahua and Durango. To the south, the eastern slope becomes increasingly rugged. Along the Pacific slope, the escarpment is steeper and is interrupted by deep canyons cut by streams. The intervening mountain area is extremely rugged, with sharply rising longitudinal ranges cut by gorges.

The volcanic ranges (Cordillera Neo-Volcánica on the map) mark the southern border of the Mexican Plateau. These mountains continue to the south as far as the valleys of the Río Balsas and its tributaries. The Balsas Valley is nearly enclosed by mountains. South of the Balsas Valley, in the states of Guerrero and Oaxaca, is a rugged, dissected plateau 6,000 to 8,000 feet above sea level. Streams have cut a series of deep valleys in this plateau, and very little flat land is left. Only where ridge tops and valley bottoms are wide enough are a few settlements found. Much of this area is still unexplored. The plateau ends with a steep escarpment facing the Isthmus of Tehuantepec and the Pacific Ocean.

b. Climate.

The northern part of the Sierra Madre Oriental has a steppe climate similar to that of most of the northern part of the Mexican Plateau. To the south the climate of the Sierra Madre Oriental changes to a tropical highland climate similar to that found in the southern parts of the Mexican Plateau. In the extreme south-southeast, the Sierra Madre Oriental is more humid.

Reliable data on the climate of the Sierra Madre Occidental are lacking, particularly for the northern part. This northern section is subject to extreme diurnal ranges in temperature. The low eastern-facing slopes that merge with the Mexican Plateau have a steppe climate, as have the lower Pacific-facing slopes. Southern parts of the Sierra Madre Occidental have a tropical highland climate.

3. The East Coast of Mexico and the Yucatán Peninsula.

a. Terrain.

The arc-shaped lowland bordering the Gulf of Mexico is the largest continuous area of level land in Mexico. The lower slopes of the Sierra Madre Oriental approach the coast north of Tampico and nearly bisect the lowland in the middle part of the state of Veracruz. In the southern section of the lowland arc, the Sierra Madre de Oaxaca, the eastern portion of the Sierra Madre del Sur, and the Sierra Madre de Chiapas form the inner margin of the plain. Large sections of the land adjacent to the coast are swampy. From Veracruz to the south shore of the Bahía de Campeche settlements are few. Most of the population is concentrated on the lower slopes of the adjacent mountainous regions.

The Yucatán Peninsula forms the eastern part of the lowland arc. Although there are few surface streams in the western part of the peninsula lowland, the land surface, unlike that of most of the region, is not smooth or uniform. Limestone underlies the area and karst erosion in many places has given the landscape a rough appearance.

b. Climate.

Four types of climate are found on the east coast of Mexico and the Yucatán Peninsula. The northern sector of the coast and the extreme northwestern tip of the peninsula have a steppe climate similar to that occurring in most of the northern areas of the Mexican Plateau. In general, south of the Tropic of Cancer the steppe climate gives way to a tropical savanna type.

The tropical savanna climate extends southward from the Tropic of Cancer for approximately 300 miles along the east coast in the state of Veracruz, then merges gradually into a rainy tropical climate. The tropical savanna climate is transitional between the arid zone to the north and the humid region to the south. Distinct wet and dry seasons are characteristic of this transitional zone. The dry season occurs during the winter and lasts from two to four months. At the northern limits of the tropical savanna zone along the east coast, the rainfall averages 40 inches

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a year. To the south, the rainfall gradually increases.

The area that extends from the southwest coast of the Bahía de Campeche across the southern part of the Yucatán Peninsula to the Gulf of Honduras has a rainy tropical climate, with heavier rainfall than farther north. Eastward along the coast bordering the Bahía de Campeche, the amount of rainfall increases from about 40 to nearly 100 inches, but there is a sharp decrease in rainfall in Yucatán, where the tropical savanna climate again occurs. The Sierra Madre de Chiapas and the eastern part of the Sierra Madre del Sur, which border the coastal plain on the south, have greater diversity in both rainfall and temperature than the rainy lowland areas.

4. The West Coast of Mexico and Baja California.

a. Terrain.

This region may be divided into three sections: (1) Baja California; (2) the coastal area from the United States boundary to Cabo Corrientes; and (3) the area from Cabo Corrientes south to the Guatemalan boundary.

Baja California is a narrow peninsula approximately 760 miles long between the Gulf of California and the Pacific Ocean. A short distance inland from the Pacific Coast, the land rises in steplike terraces. Uplands bisect the peninsula in a north-south direction and occasional peaks rise to over 5,000 feet. The most continuous stretch of high mountains is in the northern part of the peninsula north of 30°N latitude; one peak is slightly more than 10,000 feet above sea level. The terrace surfaces are dry and in many places are interrupted by steep-sided, gravel-filled valleys.

The Gulf of California occupies a large part of a rift depression, the extreme northern end of which is no longer submerged. The Imperial Valley occupies part of this northern

area of the depression. The Colorado River enters the depression below Yuma, Arizona, and flows to the Gulf of California.

North of Cabo Corrientes on the mainland, the coastal lowland is interrupted in many places by spurs of the Sierra Madre Occidental. Streams originating in these mountains cut across the dry terraces and the lava flows, through which they descend on their way to the gulf. Several flat-bottomed valleys extend eastward into the highlands.

The coastal area south of Cabo Corrientes is also interrupted by a series of spurs from the upland area, which in many places extend to the coast; the Sierra Madre del Sur at some points extends to the coast, forming abrupt cliffs. Between these spurs, the lowland is extremely narrow. In general, the few west coast harbors are isolated from the interior, and most are silt-laden and too shallow for navigation. The Rio Balsas is the largest river flowing into the Pacific Ocean along this stretch of the Mexican coast; together with its tributaries it drains a large area of the southern Mexican mountains.

The coastal strip along the Gulf of Tehuantepec is continuous but narrow.

b. Climate.

The climate of the west coast of Mexico becomes progressively more humid from north to south. Practically all of Baja California and of the west coast mainland bordering the northern part of the Gulf of California has a desert climate similar to that of the northwestern section of the Mexican Plateau. The southeastern tip of Baja California and the opposite west coast of the mainland have a steppe climate like that of most of the northern part of the Mexican Plateau.

The remainder of the west coast of Mexico from slightly south of the Tropic of Cancer to the Guatemalan boundary, has a tropical savanna climate similar to that occurring on the east coast in the state of Veracruz.

ORG :
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23 NOV 63

TO :

FROM: DIRECTOR

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TO

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CS COPY

MESSAGE

23 NOV 63 16 14z

DEFERRED

ROUTINE

KOSTIKOV

1. URGENTLY REQUIRE FOLLOWING INFO RE ~~VALENTY VLADIMIROVICH~~

A. ANY TRAVELS OUTSIDE MEXICO CITY APART FROM TRIPS TO TETUANA, TEPIC AND MEXICALI IN MARCH AND SEPTEMBER 1963, AND VERACRUZ 6 JAN 63.

B. HOUR BY HOUR WHEREABOUTS 22 NOVEMBER AND ALL DETAILS HIS ACTIVITIES DURING NOVEMBER.

C. NAMES AND WHEREABOUTS HIS CONTACTS FOR AIRCRAFT REPAIRS ETC.

2. ALSO REQUEST IMMEDIATE CABLE REPORTING ON:

A. FUTURE CONTACTS AND ACTIVITIES KOSTIKOV OPERATING VIA FULLER COVERED FOR ABLE ARRANGE.

B. ANY INDICATIONS UNUSUAL ACTIVITIES INVOLVES KGB AND SOVIET PERSONNEL DURING PERIOD 17 MARCH 30 NOVEMBER.

END OF MESSAGE

Document Number

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23 Nov 63

42-16

ORIG :
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DATE : 23 Nov 63

CLASSIFIED MESSAGE

☐ INDEX
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☐ FILE IN CS FILE NO.

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TO :
FROM : DIRECTOR.
CCNF :
INFO :

23 Nov 63 17 15 23

DEFER
ROUTINE

TO

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CITE DIR

84885

BOYS MOSCOW (SUBJECT SEPARATE CABLE) TRAVELED IN SEPTEMBER WITH
IVAN GAYDAROVICH ALPERIN , WHO IN CLOSE CONTACT WITH
DURING FEBRUARY 1962 BY QMRO. REPORT REPORTING AND COVERAGE ALPERIN
AS WITH MOSCOW.

END OF MESSAGE

Document Number

41-15

for EOIA Review of

APR 1976

23 NOV 63

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OFFICER

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26 NOV 1963

CLASSIFIED MESSAGE

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☐ FILE IN CS FILE NO.

12-52

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ROUTINE

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PRIORITY

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85086

REF

1. SUBJECT REF IS GILBERTO ALVARADO UGARTE MEMBER OF FRENTE DE LIBERACION NACIONAL (FLN) NICARAGUAN EXILE REVOLUTIONARY GROUP WHICH IS CUBAN SUPPORTED AND COMMUNIST DOMINATED.

2.

END OF MESSAGE

Document Number

117-583

for FOIA Review on

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26 Nov 63

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COORDINATING OFFICER

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B.

C.

(W 08689)**

19 JAN 64 IN 94565

BELIEVE FOLL INFO WHICH SUPPLEMENTAL REF C REPORT WORTHWHILE IN
INCLUSION HQS PRESENTATION: THE UNIDENTIFIED SOV OF REF B WHO MET
SERGEY NIKOLAYEVICH ANTONOV (CHIEF LATIN AMERICAN DEPT KGB) HAS NOW BEEN
POSITIVELY IDENTIFIED AS BEING VALERLY VLADIMIROVICH KOSTIKOV.

COMMENT: *Requested analysis of Valeriy Vladimirovich Kostikov's
activities

**Concerned activities of Sergey Nikolayevich Antonov in
Mexico.

Document Number

469-190

for FOIA Review on MAY 1976.

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CLASSIFIED MESSAGE

ROUTING

DIRECTOR

MA

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171610Z

INFO DIR CITE

18 FEB 64 IN 21458

REF

(IN 18129)*

1. FOLL SOLIS REPLY PARA 1 REF:

A. HAD NOT RECEIVED TWO LETTERS RECENTLY FROM VILLANUEVA.

B. WOULD FORWARD AS REQUESTED ANY NOTEBOOK THAT TURNED UP.

C. BEST RECOLLECTION VILLANUEVA ARRIVED COZUMEL VERY EARLY

JUNE 63, LEFT ON 4 JULY 63 ON FERRY BOAT ALBERTO FOR PUERTO JUAREZ.

SOLIS RECEIVED THREE LETTERS, SINCE BURNED, FROM VILLANUEVA IN GUAD-
ALAJARA IN MONTHS IMMEDIATELY FOLLOWING VILLANUEVA DEPARTURE FROM

COZUMEL. SOLIS ANSWERED ALL THREE. IN LAST OF THREE REPLIES SOLIS

ASKED VILLANUEVA REPAY 500 PESO LOAN. SOLIS NEVER HEARD FROM

VILLANUEVA AFTER THAT. VILLANUEVA IN ONE OF THREE LETTERS ASKED IF

SOLIS WOULD LIKE TO BE "SECRET POLICE AGENT" ON COZUMEL.

SOLIS HAD NO FURTHER INFO ON POSSIBLE CONTACTS VILLANUEVA WITH CUBANS
OR AMERICANS ON COZUMEL.

VILLANUEVA, WHEN NOT WORKING AS ALBANIL, SPENT HIS TIME AT SOLIS

HOME "CHAFEANDO" (WEEDING, CUTTING BRUSH) AND USUALLY IN HAMMOCK BY

2730 HOURS. SOLIS AND VILLANUEVA SOMETIMES VISITED MAYALUM NIGHTCLUB

TOGETHER. VILLANUEVA DOES NOT APPEAR BE MUCH OF A DRINKER.

for FOIA Review on

JUN 1976

Document Number

549-236

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Copy No.

2. SOLIS ALSO SAID: VILLANUEVA ARRIVED COZUMEL WITH SERGEANT SECOND CLASS "POLO" (NICKNAME) ; POLO WAS ARRIVING ON NEW ASSIGNMENT TO COZUMEL MILITARY BASE; VILLANUEVA SAID HAD MET POLO IN MEXICO CITY; POLO CAME AROUND SOLIS HOUSE TWICE AFTER VILLANUEVA DEPARTURE LOOKING FOR VILLANUEVA.

CONCUR SOLIS
SEEMS BE TELLING STRAIGHT FOWARD STORY. SOLIS DAUGHTER, APPARENTLY UNPRIZED, CONFIRMED BURNING OF LETTERS FROM VILLANUEVA.

Comment: *Forwarded additional questions which Legal Attache wished to have put to Daniel Solis.

- *Ref*

CENTRAL INTELLIGENCE AGENCY
Intelligence Information Cable

COUNTRY MEXICO

DATE OF INFO. 22, 23, and 26 April 1964

SUBJECT

PLANS FOR PEASANT UPRISING IN LINARES,
NUEVO LEON

PLACE &
DATE ACQ.

(22, 28 April 1964)

SOURCE
AND
APPRAISAL

TDCS

DISTR.

REF

FIELD REPORT NO.

- RU: ROUTINE
- ALEXANDER
- BELK
- BRUBEC
- CHASE

- 37579, 290
- FORREST
- 29 April 1964
- JOHNSON
- KERRY

- KLEIN
- KOMER
- MOODY
- REEDY

- SANDERS
SMITH, WAIN 67296
71440
71506

1. ON 22 APRIL 1964 JULIO CAMPOS PENA, MEMBER OF THE NATIONAL EXECUTIVE COMMITTEE OF THE CENTRAL CAMPESINA INDEPENDIENTE (CCI - INDEPENDENT PEASANTS' CENTRAL, WHO IS IN CHARGE OF ALL ACTIVITIES DEALING WITH ARMS BOUGHT BY THE CCI, SAID THAT IT WAS NECESSARY TO DO EVERYTHING POSSIBLE TO RAISE MONEY TO PAY FOR ONE THOUSAND MACHINE-GUNS NOW IN RIO BRAVO, TAMAULIPAS, WHICH CAME FROM THE UNITED STATES AND MUST BE PAID FOR QUICKLY. THE FOLLOWING DAY CAMPOS REVEALED THAT JUAN DURAN, ADMINISTRATIVE HEAD OF THE MUNICIPAL COMMITTEE OF THE CCI IN RIO BRAVO, IS ENTRUSTED WITH THE

(CONTINUED)

SANITIZED COPY

22 MAR 1976

RECEIPT AND STORAGE OF THE ARMS. (FIELD COMMENT: DURAN IS PROBABLY IDENTICAL WITH JUAN DURAN PEREZ, REPORTED IN CS-3/545,610 AS LEADER OF THE BRANCH OF THE CCI LOCATED IN THE VENUSTIANO CARRANZA COLONY IN RIO BRAVO.)

2. ON 22 APRIL CAMPOS ALSO SAID THAT MEMBERS OF THE CCI MUST BE READY TO GO INTO THE MOUNTAINS AT A MOMENT'S NOTICE AND THAT MILITANT ACTION WOULD BEGIN IN LINARES, NUEVO LEON, BEFORE 10 MAY 1964. ACCORDING TO CAMPOS, ONCE THE BATTLE IS STARTED, THE CCI EXPECTS PEASANTS FROM OTHER STATES TO TAKE UP ARMS IN SUPPORT OF THE LINARES GROUP. ON 23 APRIL HE INDICATED THAT THE FACTION OF THE CCI SYMPATHETIC TO BRAULIO MALDONADO SANDEZ, PRO-COMMUNIST FORMER GOVERNOR OF BAJA CALIFORNIA, IS READY TO START MILITANT ACTION EVEN IF OTHER LEADERS OF THE CCI DO NOT AGREE BECAUSE OF PREVIOUS PROMISES.

3. ON 26 APRIL SERAPIO CASAS, LEADER OF THE CCI IN LINARES, SAID THAT THE GROUP STILL NEEDED 20,000 PESOS (\$US 1600) TO PAY FOR THE ARMS SHIPMENT IN RIO BRAVO.

4. ON THE SAME DAY RAMON DANZOS PALOMINO, CANDIDATE FOR PRESIDENT OF MEXICO OF THE FRENTE ELECTORAL DEL PUEBLO (FEP - PEOPLE'S ELECTORAL FRONT), SINGLE, UNITED FRONT OF MEXICAN LEFTISTS AND COMMUNISTS, TOLD CASAS THAT THE LINARES GROUP SHOULD WAIT UNTIL AFTER THE PRESIDENTIAL ELECTIONS BEFORE TAKING UP ARMS.
(CONTINUED)

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PAGE 3

CASAS REPLIED THAT THEY WOULD NOT WAIT, BUT WOULD BEGIN AS SOON AS THE ARMS WERE RECEIVED. DANZOS THEN TOLD CASAS THAT THEY MUST FOLLOW ORDERS FROM NATIONAL LEADERS OF THE CCI. CASAS SAID THAT HE AGREED, BUT THE PEOPLE DID NOT. HE SAID THAT THE PEOPLE IN TAMAULIPAS, NUEVO LEON, AND CHIHUAHUA ARE READY AND DO NOT WANT TO WAIT.

5. FIELD DISSEM: STATE, FBI

ARMY, NAVY, AIR, TREASURY, CINCSO, CINCLANT.

END OF MESSAGE

McVostrow

SNIE 81-66

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C. J. Roubles

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SPECIAL
NATIONAL INTELLIGENCE ESTIMATE

NUMBER 81-66

SECURITY CONDITIONS IN MEXICO

Submitted by

M. A. Labaree
DIRECTOR OF CENTRAL INTELLIGENCEConcurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf

7 April 1966

DATE

Authenticated:

James D. Lay Jr.
EXECUTIVE SECRETARY USIB

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CENTRAL INTELLIGENCE AGENCY

7 April 1966

SUBJECT: SNIE 81-66: SECURITY CONDITIONS IN MEXICO

THE PROBLEM

To estimate the likelihood of incidents which would endanger or embarrass Mrs. Johnson and Secretary Rusk during their visit to Mexico City.

CONCLUSION

The political situation in Mexico is considerably more stable than in most Latin American countries. The Institutional Revolutionary Party (PRI) maintains a virtual monopoly over national and local politics. The security forces in Mexico City are experienced and effective in controlling demonstrations. In recent years the Mexican Government has cooperated willingly with the US in eliminating certain longstanding issues in US-Mexican relations and in controlling others. Nevertheless, there are

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anti-US elements in Mexico which might attempt to create incidents designed to disrupt US-Mexican relations. While there can be no absolute guarantee against such an incident, we believe that the Mexican Government will take security precautions which will be adequate to protect Mrs. Johnson, Secretary Rusk, and their party.

DISCUSSION

The Political Situation

1. The political situation in Mexico is considerably more stable than in most Latin American countries. The official party, the PRI, has dominated Mexican politics for nearly four decades. It encompasses groups ranging from the far left to the extreme right and exercises a virtual monopoly over political offices from national to local levels. While President Gustavo Díaz Ordaz has followed a course to the right of his predecessor's, there is no substantial opposition to his administration.

2. Confident of its ability to control the situation, the Mexican Government has permitted Mexico City to become a haven for political exiles from other countries, mostly Communists and other leftist extremists, but including also anti-Castro Cubans. Mexico City is a major center for

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Communist activities in Latin America. The Mexican Government, however, maintains some surveillance over the activities of these various extremist and exile groups. Even before the Cuban missile crisis of 1962, moderate and conservative elements in the PRI were exerting pressure to restrict the influence of Castroites, Communists, and other extremists.

3. The Mexican Government still maintains diplomatic relations with Cuba and the USSR, but it has sharply limited pro-Castroite and other anti-US activities. There are still some Communists and other anti-US elements in the bureaucracy, the educational system, peasant groups, and labor unions, but their ability to create disturbances has been curtailed by the administration's coercion and harassment. The orthodox Mexican Communist Party (PCM), the Marxist Popular Socialist Party (PPS) led by Lombardo Toledano, and other extremist movements exist only on official sufferance and have only a very limited ability to rouse public support. The once-touted Movement of National Liberation (MLN), an anti-US and pro-Cuban mass organization founded in 1961, has lost much of its early support and has been weakened by disagreement among its leaders. The recent efforts of the PCM and PPS to stage anti-US demonstrations in support of the North Vietnamese were an almost complete failure.

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The Mexican Government's Position on the Visit

4. President Díaz Ordaz, who has placed special emphasis on Mexico's foreign relations, will be concerned to prevent any incident that would impair his government's prestige abroad. His administration also is aware that it needs outside aid in carrying out economic and social reform in rural Mexico, where nearly half the population is receiving few, if any, tangible benefits from the Mexican Revolution. The US, by committing funds under the Alliance for Progress, has already indicated its willingness to assist the Mexican Government's efforts in this field.

5. We believe that the Mexican Government will take effective security precautions, in cooperation with US officials, to prevent or control any hostile demonstrations during the visit of Mrs. Johnson and Secretary Rusk. While Minister of Government (1958-1964), President Díaz Ordaz increased the capabilities of the various civil police organizations in the Federal District; he demonstrated his ability to control would-be troublemakers during President Kennedy's visit in June 1962. The Federal District police, which number about 10,000 men, are experienced in detecting and detaining subversives and extremists. They have been effective in controlling demonstrations in the Federal District. If needed, there are also at least 11,000 well-trained and reliable army troops quartered in Mexico City and the immediate vicinity. The army and police forces are anti-Communist and fully responsive to the orders of the Díaz Ordaz administration.

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6. Mexico's extremist elements know that the government would crack down hard on any organized agitation during the visit of Mrs. Johnson and Secretary Rusk. The major Communist groups would also feel that any serious incident would bring to an end the freedom they have enjoyed for their propaganda and other overt activities. The most likely source of such an incident would be the radical student groups at the National University, where there is already considerable unrest reflected in a student strike. The approaching anniversary of the US intervention in the Dominican Republic would provide a likely theme for a student demonstration. However, Mexican authorities customarily use detention, coercion, and other warnings to keep such potential troublemakers in line.

Prospects

7. We believe that the Mexican Government will take security precautions which will be adequate to protect Mrs. Johnson, Secretary Rusk and their party from manhandling by an angry mob and to minimize the possibility of a seriously embarrassing demonstration. However, the possibility of an assassination attempt by an individual can never be excluded. The Mexican Government might be less able to ensure security outside of Mexico City.

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Bowden
SNIE 81-67
12 October 1967

SPECIAL NATIONAL INTELLIGENCE ESTIMATE
NUMBER 81-67

Security Conditions in Mexico

Submitted by

[Signature]
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

as indicated overleaf
12 October 1967

NOTE: This is the estimate. No further
dissemination will be made.

Authenticated:

James A. Lay Jr.
EXECUTIVE SECRETARY, USIB

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CENTRAL INTELLIGENCE AGENCY

12 October 1967

SUBJECT: SNIE 81-67: SECURITY CONDITIONS IN MEXICO

THE PROBLEM

To estimate the likelihood of incidents which would endanger President Johnson during his visit to Ciudad Juárez on 28 October 1967.

CONCLUSION

We believe that the Mexican security services will manage to keep untoward incidents to a minimum and that the risks entailed in President Johnson's brief visit will be small. One may not, however, rule out the possibility of an assassination attempt by a psychopath or fanatic.

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DISCUSSION

1. Relations between the Mexican and US governments are extremely friendly, and President Johnson is personally popular in Mexico. The occasion for this visit is, moreover, propitious. The ceremonies in which President Johnson and President Díaz Ordaz will take part mark the amicable settlement of the long-standing Chamizal border dispute -- a settlement which returns to Mexico certain territory in the Ciudad Juárez-El Paso area.

2. The political situation in Mexico is considerably more stable than that in most Latin American countries. The Institutional Revolutionary Party (PRI) maintains a virtual monopoly over national and local politics. Not only is the PRI effective in maintaining stability generally, but it is also an important means for facilitating security for visiting foreign dignitaries, and for President Gustavo Díaz Ordaz during his public appearances in various parts of the country. At such times, the party organizes an appropriate popular reception; when travel by motorcade is involved, it lines the streets with its members and those of its youth wing.

3. The Mexican security forces are tough and reasonably competent. The Presidential Guard, the unit responsible for seeing to the safety of the Mexican President anywhere in the country, is a crack outfit. Moreover,

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Mexican legal procedures do not inhibit the police from detaining as many known or suspected trouble-makers as they consider necessary to maintain adequate safeguards. During President Johnson's visit to Mexico City in April 1966, the planning of the top Mexican security officials and the combination of measures carried out by the security forces were well devised and impressive. President Díaz Ordaz himself was responsible for such arrangements when he was Minister of Interior (1958-1964), and he continues to take an active interest in security matters.

4. There are, of course, a number of anti-US elements in Mexico. Mexico City has long been a haven for political exiles from other countries, mostly Communists and leftist extremists but also including anti-Castro Cubans. The Mexican Government is confident of its ability to control such extremist groups, and maintains surveillance over the activities of some of them. There is the possibility, however, particularly since the Mexican press has already carried stories about President Johnson's planned visit, that a few of these people will go to Ciudad Juárez to try to create disturbances or other incidents.

5. Ciudad Juárez itself, a wide-open border town of several hundred thousand people,^{1/} contains a number of anti-Yankee groups. These are small,

^{1/} The most recent Mexican census (1960) gave the population as 262,000. It has since grown rapidly, and present estimates vary from 379,000 to 448,000.

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however, and not notably aggressive. Among them are the local unit of the Mexican Communist Party, which probably has no more than 30 active members, a chapter of the Popular Socialist Party, which has fewer, and the Civic Democratic Alliance, a minuscule front group which has joined them in protesting against the US role in Vietnam. The leftists most likely to attempt agitation or demonstrations are a minority group among the students at the School of Agriculture.

6. The local authorities know the identities of the leaders of all these groups; most will likely be detained or warned before the visit. The Ciudad Juárez police force is not of the same quality as that in Mexico City, but it has leftist elements cowed, is accustomed to dealing with rough customers of whatever stripe, and usually has a line on any local citizens who might be dangerous. Some 350 of the uniformed police have been assigned special duty for the time of the visit, and plainclothesmen will be mingling with the crowd.

7. Mexico's Minister of Defense is in overall command of all security forces during President Johnson's visit; the Federal Security Police are in charge of the security preparations. Army units will play a major part. The military unit normally assigned to Ciudad Juárez is the First Infantry Battalion, some 600 strong. A battalion of the Presidential Guard has already been dispatched to supplement this force, and an additional infantry battation from Mexico City is to move in soon.

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8. We therefore anticipate that a substantial force of security personnel will be provided, and that the security arrangements will be effective as they apply to controlling groups and organized activities. One may not, of course, rule out the possibility of an assassination attempt by some individual -- perhaps a psychopath or a fanatic, who could be Mexican, American, or any other nationality. This possibility is of particular concern because of the physical circumstances in which the President will be exposed to crowds while driving in an open car down relatively narrow streets of a border town.

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